

Company Registration Number: 05589014



Sutton Housing Partnership Limited

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 March 2016

FRIDAY



L5GN19AP
L23 30/09/2016 #371
COMPANIES HOUSE

Sutton Housing Partnership Limited

(Company limited by guarantee)

ADMINISTRATION INFORMATION

	Page No.
Administration information	2
Chairman's report	3
Strategic report	5
Directors' report	8
Independent auditor's report to the members	11
Statement of Income and Retained Earnings	13
Statement of Comprehensive Income	14
Statement of Financial Position	15
Statement of Cashflows	16
Notes to the financial accounts	17

Sutton Housing Partnership Limited

(Company limited by guarantee)

ADMINISTRATION INFORMATION

BOARD OF DIRECTORS

Resident board members

Coral Russell ^{1,2}

Viktorija Skudneva ²

John Phillips ³

Ruth Scott ¹

Appointed 14 October 2015

Resigned 1 February 2016

Resigned 26 January 2016

Resigned 1 April 2016

Council appointed board members

Michael Baldwin ^{1,3}

Vice Chair until 14 October 2015, Board member until resigned 8 June 2016

Gary Miles ²

Appointed 29 June 2015

John Drage ^{1 3}

Resigned 8 June 2016

Barry Russell ³

Joyce Melican ¹

Appointed 8 June 2016

David Emmerson ³

Appointed 8 June 2016

Independent board members

Ken Morgan ¹

Resigned 14 October 2015

Samantha Bromige ^{1,2}

Resigned 10 June 2015

Graeme Bennett ³

Moved from Council Appointment to Independent Member 29 June 2015 / Vice Chair from 14 October 2015

Tracey White ^{1,2}

Joanna Hills ¹

Appointed 8 June 2016

Peter Walters ² (Chair)

1. Member of the Audit and Risk Committee

2. Member of the Organisational Development Committee

3. Member of the Finance and Performance Committee

EXECUTIVE MANAGEMENT TEAM

Andrew Taylor

Chief Executive & Company Secretary

Jerry Austin

Interim Executive Director (Property)

Joanne Cambra

Executive Director (Neighbourhoods)

Brendan Crossan

Executive Director (Resources)

REGISTERED OFFICE

Sutton Gate

1 Carshalton Road

Sutton

Surrey SM1 4LE

AUDITOR

Grant Thornton UK LLP

Grant Thornton House

Melton Street

Euston Square

London

NW1 2EP

SOLICITORS

Trowers & Hamlin

Sceptre Court

40 Tower Hill

London EC3N 4DX

BANKERS

Barclays Bank PLC

51 Bishopric

Horsham

West Sussex RH12 1Y

Sutton Housing Partnership Limited

(Company limited by guarantee)

CHAIRMAN'S REPORT

31 March 2016

This annual report for Sutton Housing Partnership (SHP), covering the year 1 April 2015 to 31 March 2016, is my second report as chair of the organisation.

Our long term plans were originally set out in our SHP Plan 2013-16 and this report covers the final year of this three year plan. During the course of this year we have, therefore, developed and approved our new Five Year SHP Plan (2016-21) which outlines our aspirations for the future. The process of developing the new plan included an extensive resident consultation project.

This plan confirms that the purpose and vision of SHP remain the same and that our key priorities continue to be:

Customer Care - To continuously improve the level of customer service to meet all customers' expectations

Quality - To deliver all services to the highest recognised standards based on external accreditation and benchmarking

Value For Money - To operate a framework that maximises the value for money received from the resources used

Reputation - To develop communication channels that most positively promote the care, quality and value of our service delivery.

As we came to the end of the previous three year plan, we took stock of how we had performed against delivering these priorities. We are pleased to report that of the fourteen priority performance indicators that we measured as a baseline in 2012-13, we had improved our performance in eleven areas, maintained performance in two areas and that only one had decreased.

Perhaps more importantly, we have seen increases in customer satisfaction in a range of areas. Tenant satisfaction with the service provided by SHP has increased to over 90 percent, as has their satisfaction with the quality of their home and the value for money that they feel their rent provides. We noted that the satisfaction levels for tenants are not matched by those of leaseholders, and during the course of the year have taken measures to begin to address this disparity.

The last three years have seen some challenges and changes to the way we manage our assets. We continue to do more with less and find smarter ways of delivering services to our customers. We have developed an asset management strategy which provides clarity on how we'll manage and invest in our stock and make sure we can deal with the challenges of the future. We have also restructured the property directorate to make better use of the people we have.

We are pleased to note that under the interim repairs contract, delivery of the repairs and voids service has now improved substantially and there have been increases in customer satisfaction. We have continued to robustly manage the interim contractor (Mears Ltd.) to ensure that high performance levels have been maintained. During the course of the year we have undertaken a comprehensive procurement project and have appointed Mears Ltd as our long term repairs partner from July 2016 onwards. Following adjudication, all costs related to the terminated contract referred to in last year's report have been settled in the 2015/16 profit and loss.

Our major works programmes have continued and we have made some significant improvements to stock. Chaucer House has received a major refurbishment which included work on bathrooms, heating systems, insulation, a new fire alarm system and the introduction of a sprinkler system. We have concluded external works on the St Helier estate. Properties benefited from works to windows, roofs and front doors. We have provided heating upgrades across our stock portfolio and there have been a small number of boiler renewals.

Sutton Housing Partnership Limited

(Company limited by guarantee)

CHAIRMAN'S REPORT

31 March 2016

We have made improvements to the data we hold regarding the property stock and also the systems which hold and record this data. This has put us in a good position to move our asset management activities from a reactive model to a more predictive model.

Over the last three years we have matured our asset management compliance processes to go above and beyond standard practice. We have greater assurance now on the health and safety of our assets and activities. For example, for the third continuous year we were awarded the 'Sword of Honour' by British Safety Council (BSC). The BSC have also awarded SHP five stars for our health and safety practices. In the last three years we have also implemented a new lone working system to make sure staff are secure in their working environments.

We continue to develop a range of schemes to help residents to get support in a number of areas. We are helping residents to get back into work and manage their money. We have created apprenticeship opportunities for local residents with our partnering contractors as well as with SHP itself. Residents have also been helped to get better deals on their utility bills through our 'Energy Best' scheme and we continue to provide information to help people manage their finances on our website and in our magazine Homefront.

Our tenancy sustainment team have developed our skills and knowledge around self - neglect and hoarding, and our serious case reviews have been recognised by the Chartered Institute of Housing as excellent practice. We have moved from an incident based ASB approach to a harm based approach and during the year we have developed the skills to deliver mediation to residents.

We continue to work well with our statutory partners in the borough particularly on the area of fire prevention. In addition to work safeguarding our residents and neighbourhoods we have also developed our knowledge and skills on residents who are living with dementia.

SHP took part in a pilot to test the government's Universal Credit system in 2015. Income officers from SHP worked closely with residents who they felt would find the changeover difficult, helping them handle the changes and manage their money as best they could. Our approach was successful in alleviating some of the issues that our residents faced and we won praise for our approach in the national media. The experience we gained by being part of this pilot will be invaluable in preparing us for the full roll out of Universal Credit throughout Sutton.

We have had a stronger focus on the quality of our board, making sure they have the right skills and experience and that the voice of the resident is strong. We have reviewed our compliance processes to make sure that we are doing things correctly. This has meant an improvement in how we audit, track and monitor our day to day work. We have greater assurance that we are doing things right and we have better oversight of our work now. This assurance will continue to benefit SHP in the future and shows how we are maturing as an organisation.

All the work completed and the improvements made have only been possible through positive and effective working by and with staff, residents and our partners, especially the London Borough of Sutton.

I would therefore like to take the opportunity to thank the many people and organisations that work with us in such a committed and positive way.



Peter Walters

Chair of Sutton Housing Partnership Board

14 September 2016

Sutton Housing Partnership Limited

(Company limited by guarantee)

STRATEGIC REPORT

31 March 2016

REVIEW OF THE BUSINESS

Principal Activities

The company was established by the Council to be the vehicle for the delivery of the Government's decent homes target and the provision of excellent housing management services to our residents.

The specific functions delegated to Sutton Housing Partnership by the Council in the Management Agreement are:

- Lettings and mutual exchanges
- Rent accounting and arrears control
- Tenancy management
- Making ASBO requests
- Sheltered housing officer service
- Estate management
- Void management
- Leasehold management
- Responsive and cyclical maintenance
- Major repairs and improvements
- Energy efficiency improvements
- Stock condition surveys
- Resident participation
- Communications/consultation with residents
- Complaints/Member enquiries
- Day-to-day management of the Housing Revenue Account

In addition Sutton Housing Partnership and the Council share some other housing functions. These are:

- Temporary accommodation management
- "Right To Buy" (RTB) valuations
- Financial management/returns
- Insurance claims
- Procurement policy
- Initiatives for making best use of the housing stock
- Disabled adaptations
- Meeting the requirements of the Home Energy Conservation Acts
- Addressing anti-social behaviour within the wider community
- Development of the Resident's Compact
- Meeting the wider objectives of sustainable communities, neighbourhood renewal, community safety, diversity etc.

Sutton Housing Partnership Limited

(Company limited by guarantee)

STRATEGIC REPORT

31 March 2016

Performance

Our long term priorities were set out in The SHP Plan 2013-16 which was published in March 2013. This plan contained a number of key performance indicators (KPIs), based on residents' views of our progress in delivering these priorities, and each of these KPIs had a target over the duration of the Plan. At the end of 2015-16 we had reached the end of the three year plan and the date for the achievement of the KPI targets. Our performance over the period of the plan as reflected in the KPI's was:

- Leaseholder satisfaction with value for money for their service charge (up 15.8%)
- Percentage of 'decent' Council homes (up 14.4%)
- Tenant satisfaction with the overall quality of their home (up 11.6%)
- Leaseholder satisfaction with the overall service (up 8.6%)
- Leaseholder satisfaction with the overall quality of their block (up 7.7%)
- Tenant satisfaction with value for money for their rent (up 6.6%)
- Tenant satisfaction with the overall service (up 5.5%)
- Tenant satisfaction with their neighbourhood as a place to live (up 5.4%)
- Leaseholder satisfaction that SHP listens to their views and acts upon them (up 4.9%)
- Tenant satisfaction that SHP listens to their views and acts upon them (up 4.5%)
- Proportion of residents who felt SHP was able to deal with their enquiry (up 0.5%)
- Tenant satisfaction with the repairs & maintenance service (up 0.4%)
- Tenant satisfaction with value for money for their service charges (down 1.5%)
- Leaseholder satisfaction with their neighbourhood as a place to live (down 1.9%)

Trends & Factors Likely To Affect Future Performance

SHP is not a quoted company, therefore the requirements of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 s.414C items 7 and 8 do not apply.

PRINCIPAL RISKS FACED BY THE ORGANISATION

Government Policy

The expansion of the digital pilot for Universal Credit during 2015-16 had a negative impact on rent arrears performance. A further significant expansion is expected in 2016-17 and so Universal Credit remains a significant risk. In addition, a new reduced benefits cap is due to be introduced from April 2016 and this will increase the number of tenants at risk of rent arrears.

During 2015-16 the Government announced policy proposals that will impact on the income generated within the Council's Housing Revenue Account. Specifically, a new rent policy requiring 1% reductions for four consecutive years has been implemented from April 2016 and a 'high value council homes' levy will be imposed on councils, probably during 2016-17. By reducing income in to the HRA over the 30-year HRA Business Plan period there will inevitably be a negative impact on the SHP management fee and investment funding in council housing.

Sutton Housing Partnership Limited

(Company limited by guarantee)

STRATEGIC REPORT

31 March 2016

Further new Government policies have the potential to increase the risks relating to our ability to manage tenants. In particular, the impending implementation of policies linking rent levels to tenant's income the introduction of fixed term tenancies for most new tenants.

Contract Management

Difficulties with the repairs service in 2014 and procurement of long term contractors for our key contracted services (responsive repairs, voids & gas servicing) has highlighted the risks associated with managing contractors and the necessity of embedding robust contract management arrangements.

Relationship with the Council

Some of the risks relating to the Council's commitment to the long term development of SHP have been addressed during 2015-16 with the approval of a revised management agreement with the Council through to March 2021. However, in line with its approach to all of its services, the Council intends to undertake a commissioning review of housing management services during 2016-17 and this represents a risk to the long-term future of the organisation.

Health and Safety

Risks around compliance with statutory duties, for example around gas servicing, legionella and fire safety, have been managed more robustly in 2015-16 and, although these risks will always be present, it is felt that they are now more controlled.

Risk Management

Our risk registers and activity around managing these risks is considered at all meetings of the Audit & Risk Committee, a sub-committee of the Board

On behalf of the board



Peter Walters

Chair of Sutton Housing Partnership Board

14 September 2016

Sutton Housing Partnership Limited

(Company limited by guarantee)

DIRECTORS' REPORT

31 March 2016

The directors present their report and the audited financial statements for the year ended 31 March 2016.

INCORPORATION

The company was incorporated on 11 October 2005.

CONSTITUTION

The company is incorporated as a private company limited by guarantee under the Companies Act 1985. As such it has no share capital.

The company's sole member is London Borough of Sutton.

MATTERS COVERED IN THE STRATEGIC REPORT

Information on review of the business and the principal risks faced by the organisation has been included within the Strategic Report.

GOVERNANCE

The primary responsibility of the Board is to agree the organisation's priorities and plans and to oversee the effective implementation of these plans. The Board also plays a fundamental role in identifying the strategic risks facing the organisation and monitoring that these risks are mitigated through effective management.

The SHP Board is constitutionally made up of 4 resident members (3 tenants, 1 leaseholder), 4 independent members and 4 Council nominees. The full Board meets four times a year and the Board and all its members operate in accordance with a Code of Governance that is fully compliant with the National Housing Federation (NHF) Code of Governance. Significant time has been spent with members on developing them in to a more knowledgeable, experienced and challenging Board.

The work of the Board is supported by a number of Board committees comprising of the Audit & Risk, Finance & Performance and Organisational Development committees. These committees are chaired by Board members and have up to five Board members sitting on each. They meet on a regular basis and the committee Chairs provide reports to each full Board meeting.

Audit and Risk Committee

This Committee was set up to independently contribute to the Sutton Housing Partnership Board's overall process for ensuring that there are effective internal control and risk management arrangements in place.

Finance and Performance Committee

This Committee provides additional oversight and scrutiny around the organisation's performance. It meets quarterly to coincide with the production of the balanced score card. The work of the Resident Scrutiny Group feeds into this Committee.

Organisational Development Committee

This Committee was formed to lead Sutton Housing Partnership Board's scrutiny of and input to the management of human resources (including remuneration and recognition) to reinforce progress towards the organisation's vision.

Sutton Housing Partnership Limited

(Company limited by guarantee)

DIRECTORS' REPORT

31 March 2016

The Board delegates the day to day running of the organisation to the Executive Management Team which is made up of the Chief Executive and the Directors of Neighbourhoods, Property and Resources. They are supported by a wider management team.

DIRECTORS

Under the Memorandum and Articles of Association, the directors, all of whom are non-executive, represent the local community. A full Board complement comprises of:

- 4 London Borough of Sutton nominees
- 4 London Borough of Sutton tenants, including 1 leaseholder
- 4 Independent members

At 31 March 2016 there were two resident board member and one independent board member positions vacant.

The directors who served during the year are shown on Page 1. All directors, except where indicated, served throughout the year and subsequently.

RETIREMENT PROVISIONS

In accordance with the Articles of Association, at the Annual General Meeting on 14 October 2015 :

- Ken Morgan (Independent) – Retired after his full three terms of service
- Tracey White (Independent) – Stood down and re-appointed
- Coral Russell (Resident) – Appointed
- Michael Baldwin (Council) – Stood down and re-appointed

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland").

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

Sutton Housing Partnership Limited

(Company limited by guarantee)

DIRECTORS' REPORT

31 March 2016

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

CHARITABLE DONATIONS

The company made no charitable donations during the year.

AUDITOR

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Grant Thornton will therefore continue in office.

On behalf of the board



Peter Walters

Chair of Sutton Housing Partnership Board

14 September 2016

Sutton Housing Partnership Limited

(Company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF SUTTON HOUSING PARTNERSHIP LIMITED

31 March 2016

We have audited the financial statements of Sutton Housing Partnership Limited for the year ended 31 March 2016 which comprise the Statement of Income and Retained Earnings, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cashflows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on pages 9 and 10, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or

Sutton Housing Partnership Limited

(Company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF SUTTON HOUSING PARTNERSHIP LIMITED

31 March 2016

- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Grant Thornton UK LLP

Jennifer Brown
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London

Date: *15 SEPTEMBER 2016*

Sutton Housing Partnership Limited

(Company limited by guarantee)

STATEMENT OF INCOME AND RETAINED EARNINGS

For the year ended 31 March 2016

	Notes	2016 £000	2015 £000
Turnover	8	16,749	16,097
Operating costs	9	<u>(17,289)</u>	<u>(16,383)</u>
OPERATING (LOSS) / PROFIT		(540)	(286)
Interest Receivable	10	11	8
Interest Payable	11	<u>(317)</u>	<u>(265)</u>
(LOSS) / PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(846)	(543)
Tax on profit on ordinary activities	13	<u>(2)</u>	<u>(2)</u>
RETAINED LOSS FOR THE FINANCIAL YEAR		<u>(848)</u>	<u>(545)</u>
OTHER RECOGNISED GAINS / (LOSSES)			
Actuarial gain / (loss) on defined benefit pension scheme		2,460	(3,119)
RECONCILIATION OF FUNDS			
Members funds brought forward		<u>(8,362)</u>	<u>(4,698)</u>
Members funds carried forward		<u>(6,750)</u>	<u>(8,362)</u>

Excluding FRS102 Pension adjustments the organisation produced a loss after taxation of £254,800 (2015: Loss of £191,000, restated from £127,000).

The loss for the year arises from the company's continuing operations.

The accompanying accounting policies and notes form part of these financial statements.

Sutton Housing Partnership Limited

(Company limited by guarantee)

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2016

	Notes	2016 £000	2015 £000
(LOSS) / PROFIT FOR THE FINANCIAL YEAR		<u>(848)</u>	<u>(545)</u>
PENSION SCHEME GAINS AND LOSSES :			
Actuarial gain / (loss)		2,460	(3,119)
OTHER GAINS AND LOSSES :			
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		<u>1,612</u>	<u>(3,664)</u>

The accompanying accounting policies and notes form part of these financial statements

Sutton Housing Partnership Limited

(Company limited by guarantee)

STATEMENT OF FINANCIAL POSITION

As at 31 March 2016


	Notes	2016 £000	2015 £000
FIXED ASSETS			
Intangible fixed assets	14	2	12
Tangible fixed assets	15	<u>387</u>	<u>439</u>
NET FIXED ASSETS		<u>389</u>	<u>451</u>
CURRENT ASSETS			
Debtors	16	650	1,057
Cash at bank and in hand		<u>2,527</u>	<u>3,088</u>
		3,177	4,145
CREDITORS: amounts falling due within one year	17	<u>(2,251)</u>	<u>(3,301)</u>
NET CURRENT ASSETS		<u>926</u>	<u>844</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,315	1,295
CREDITORS: amounts falling due after more than one year	17	<u>-</u>	<u>(4)</u>
PROVISIONS FOR LIABILITIES	22	<u>(8,065)</u>	<u>(9,653)</u>
NET LIABILITIES INCLUDING PENSION DEFICIT		<u>(6,750)</u>	<u>(8,362)</u>
CAPITAL AND RESERVES			
Profit and loss account		1,315	1,291
Pension reserve	22	<u>(8,065)</u>	<u>(9,653)</u>
MEMBER'S FUNDS		<u>(6,750)</u>	<u>(8,362)</u>

The member derives no financial interest from its shareholding and accordingly all capital and reserves are classed as non-equity.

The accompanying accounting policies and notes form part of these financial statements.

The financial statements on pages 13 to 29 were approved and authorised for issue by the board on 14 September 2016

Signed on behalf of the Board of Directors:



Peter Walters

Chair of Sutton Housing Partnership Board

14 September 2016

Company registration no: 05589014

Sutton Housing Partnership Limited

(Company limited by guarantee)

STATEMENT OF CASHFLOWS

For the year ended 31 March 2016

	Notes	2016 £000	2015 £000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating profit for the financial year		(540)	(351)
Adjustments for:			
Depreciation of fixed assets		119	177
Interest paid		(5)	(5)
Interest received		11	8
Decrease / (increase) in trade and other debtors		407	(657)
Increase / (decrease) in trade creditors		(658)	327
Difference between pension scheme contributions and amounts charged to the profit and loss account		178	86
 Cash from operations		 (488)	 (351)
Income taxes paid		(2)	(2)
NET CASH GENERATED FROM OPERATING ACTIVITIES		(490)	(353)
 CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from the sale of tangible fixed assets			
Purchases of tangible fixed assets		(57)	(13)
 NET CASH FROM INVESTING ACTIVITIES		 (57)	 (13)
 CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of finance lease obligations		(14)	(14)
 NET CASH USED IN FINANCING ACTIVITIES		 (14)	 (14)
 NET DECREASE IN CASH AND CASH EQUIVALENTS		 (561)	 (380)
 CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		 3,088	 3,468
 CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		 2,527	 3,088

The accompanying accounting policies and notes form part of these financial statements.

Sutton Housing Partnership Limited

(Company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

1 COMPANY INFORMATION

Sutton Housing Partnership (SHP) is an Arm's Length Management Organisation or 'ALMO' set up by Sutton Council. The company is limited by guarantee and the liability of the member to contribute to any deficiency is £1. The member has no rights to the income or assets of the company.

The registered office is Sutton Gate, 1 Carshalton Road, Sutton, Surrey, SM1 4LE.

2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS102), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis where stipulated within the requirements of FRS102.

This is the first year in which the financial statements have been prepared under FRS102, with the date of transition being 1st April 2014. Please refer to note 24 for an explanation of the transition.

The financial statements are presented in Sterling (£).

2.1 Going Concern

Sutton Housing Partnership has an agreed income stream in the form of its management fee from the London Borough of Sutton. As the organisation is set up to exercise the council's social housing function there is no reason to suspect this would change and the management fee for the next 12 months as well as the continued support of the London Borough of Sutton have been confirmed in writing. A management agreement from the Council has been agreed until March 2021. The directors therefore have no reason to believe that the company would not be able to meet its liabilities over the next 12 months and have prepared the accounts on the going concern basis.

3 SIGNIFICANT JUDGEMENTS AND ESTIMATES

Preparation of the financial statements requires management to make significant judgements and estimates. These are the actuarial estimations for pension assets and obligations covering life expectancy, future interest rates and yields and future salary inflation rates. These estimations are disclosed in note 22. There are no other significant judgements and estimations contained within these accounts.

3.1 Post Balance Sheet Events

There were no events occurring after 31 March 2016 that would have any bearing on these financial statements.

4 PRINCIPAL ACCOUNTING POLICIES

4.1 Fixed Assets

Fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Depreciation is provided on all tangible and intangible

Sutton Housing Partnership Limited

(Company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

fixed assets at rates calculated to write down the cost less estimated residual value over their expected useful lives, using the straight-line method. The rates applicable are:

Office Refurbishment	-	Over remaining term of lease (to June 2022)
Intangible	-	over 3 years
Equipment, plant and machinery	-	over 3 years
Furniture	-	over 5 years
Motor Vehicles	-	over 3 years

4.2 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to Sutton Housing Partnership. All other leases are classified as operating leases.

Where an asset is acquired under a finance lease, the asset is capitalised and the corresponding liability to the finance company is included under obligations under finance leases. Finance lease instalments are treated as consisting of capital and interest elements and the interest is charged to the profit and loss account in such a way as to give a reasonably constant charge on the outstanding liability over the period of the contract.

4.3 Provisions for Liabilities

Provision has been made for untaken holiday allowances as at 31 March 2016. There are no other events outstanding that require provision to be made for any legal or constructive obligations.

4.4 Taxation

A tax charge is recognised in the accounts for tax payable in respect of the taxable profit using relevant UK Corporation Tax rates applicable at the reporting date.

Deferred taxation liabilities are recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax assets are only recognised if it is considered that there is a reasonable expectation that they will be recoverable in the foreseeable future.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

4.5 Turnover

Turnover represents property management fees and associated income and is stated net of Value Added Tax. Management fees are included within turnover on a time apportioned basis. Associated income is included in turnover on the basis of work done.

Sutton Housing Partnership Limited

(Company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

4.6 Employee Benefits

Short-term employee benefits and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred.

5 EMPLOYEE BENEFITS

For defined benefit schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the estimated regular cost of providing the benefits accrued in the year. The interest cost and expected return on assets are included within other finance costs. Actuarial gains and losses arising from new valuations and from updating valuations to the balance sheet date are recognised in the statement of total recognised gains and losses.

Defined benefit schemes are funded, with the assets held separately from the company in separate trustee-administered funds. Full actuarial valuations, by a professionally qualified actuary, are obtained at least every three years, and updated to reflect current conditions at each balance sheet date. The pension scheme assets are measured at fair value. The pension scheme liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency.

6 LIQUID RESOURCES

Liquid resources represent balances on deposit with Barclays Bank PLC that are readily available to the company.

7 FINANCIAL INSTRUMENTS

The company only has financial instruments of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Sutton Housing Partnership Limited

(Company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

	2016	2015
	£000	£000
8 ANALYSIS OF TURNOVER		
Management fees	16,232	15,425
Other income	517	672
	<u>16,749</u>	<u>16,097</u>
All turnover is generated within the United Kingdom		
9 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2016	2015
	£000	£000
This is stated after charging:		
Fees payable to the company's auditor for:		
- Audit fees	17	16
- Tax compliance fees	-	3
	<u>17</u>	<u>19</u>
10 INTEREST RECEIVABLE	2016	2015
	£000	£000
Expected return on pension scheme assets	-	-
Interest on pension scheme liabilities	-	-
	<u>-</u>	<u>-</u>
Bank interest received	11	8
	<u>11</u>	<u>8</u>
11 INTEREST PAYABLE	2016	2015
	£000	£000
Expected return on pension scheme assets	803	908
Interest on pension scheme liabilities	(1,115)	(1,168)
	<u>312</u>	<u>260</u>
Finance lease costs	5	5
	<u>317</u>	<u>265</u>
12 DIRECTORS AND EMPLOYEES	2016	2015
	£000	£000
Staff costs during the year were as follows:		
Wages and salaries	4,516	4,209
Redundancy costs	1	-
Social security costs	349	326
Other pension costs	1,237	970
	<u>6,103</u>	<u>5,505</u>
Total employee cost	<u>6,103</u>	<u>5,505</u>

The company is an admitted member of the London Borough of Sutton local government superannuation scheme, a funded defined benefit scheme. Pension payments recognised as an expense during the year amount to £994k (2015: £969k)

Sutton Housing Partnership Limited

(Company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

	2016	2015
	No.	No.
Average number of employees during the year was:		
Executive management team	4	3
Neighbourhood services	63	57
Property services	63	65
Resources (ICT, HR & finance)	24	24
Chief executive	6	7
Total	<u>160</u>	<u>156</u>

For 2016 11 members of the Income Management team were transferred from Resources to Neighbourhood services. The 2015 average has been re-stated for ease of comparison.

	2016	2015
	£000	£000
Key management personnel compensation:		
Wages and salaries	430	384
Social security costs	40	35
Other pension costs	74	59
Total key management compensation:	<u>544</u>	<u>478</u>

The key management personnel are considered to be those members of the Executive Management Team, which is the Chief Executive and three others.

	2016	2015
	£000	£000
The directors' aggregate remuneration in respect of qualifying services were:		
Salary	7	3
Pension Contribution:	1	1
Total	<u>8</u>	<u>4</u>

Remuneration is only paid to the Chair of the Board.

None of the other directors received any remuneration or taxable benefits and none were members of the pension scheme.

13 TAX ON PROFIT ON ORDINARY ACTIVITIES	2016	2015
	£000	£000
The tax charge is based on the profit for the year and represents:		
Current Tax:		
UK Corporation tax	<u>2</u>	<u>2</u>
Tax on profit on ordinary activities	<u>2</u>	<u>2</u>

Sutton Housing Partnership Limited

(Company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

CURRENT TAX RECONCILIATION

The tax assessed for the years differ from the standard rate of corporation tax in the United Kingdom at 20% (2015: 20%). The differences are explained as follows:

(Loss)/Profit on ordinary activities before tax	(846)	(608)
Tax on ordinary activities at the standard rate of Corporation tax 20% (2015: 20%)	(169)	(122)
Effect of non-trading activities with Member not subject to corporation tax	171	124
Actual current taxation charge	2	2

The company is a wholly owned subsidiary of the London Borough of Sutton and the majority of income is derived from services provided to the Council. HM Revenue and Customs have confirmed that transactions between ALMOs and their Councils do not amount to trading and, accordingly, any surplus or deficit arising thereon is outside the scope of corporation tax. Accordingly no tax charge/credit has been recognised in the accounts except on trading outside of this arrangement and interest earned on balances.

14 INTANGIBLE FIXED ASSETS

	Software	Total
	£000	£000
COST		
As at 1 April 2015	302	302
Additions	-	-
Disposals	-	-
As at 31 March 2016	302	302
DEPRECIATION		
As at 1 April 2015	(290)	(290)
Charge in the year	(10)	(10)
As at 31 March 2016	(300)	(300)
NET BOOK VALUE		
As at 31 March 2016	2	2
As at 31 March 2015	12	12

Sutton Housing Partnership Limited

(Company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

15 TANGIBLE FIXED ASSETS

	Buildings	Motor Vehicles	Equipment furniture plant and machinery	Total
	£000	£000	£000	£000
COST				
As at 1 April 2015	489	202	516	1,207
Additions	-	57	-	57
Disposals	-	(34)	-	(34)
As at 31 March 2016	489	225	516	1,230
DEPRECIATION				
As at 1 April 2015	(104)	(178)	(486)	(768)
Charge in the year	(59)	(29)	(21)	(109)
Disposals	-	34	-	34
As at 31 March 2016	(163)	(173)	(507)	(843)
NET BOOK VALUE				
As at 31 March 2016	326	52	9	387
As at 31 March 2015	385	24	30	439

Included above are assets held under finance leases as follows:

	Leasehold Vehicles £000
Net book value	
31 March 2016	-
31 March 2015	6

Depreciation charged during the year on leased assets was £6,384 (2015: £19,484)

Sutton Housing Partnership Limited

(Company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

16 DEBTORS	2016 £000	2015 £000
Amounts falling due within one year:		
Trade debtors	7	456
Prepayments and accrued income	573	595
	<u>580</u>	<u>1,051</u>
Amounts falling due after more than one year:		
Trade debtors	76	10
Provision for Bad Debt	(6)	(4)
	<u>70</u>	<u>6</u>
	<u>650</u>	<u>1,057</u>

Trade debtors include £69,522 (2015: £432,511) due from the London Borough of Sutton. Prepayments and accrued income includes insurance claims payable from the London Borough of Sutton to the value of £52,000 (2015: £136,389).

17 CREDITORS	2016 £000	2015 £000
Amounts falling due within one year:		
Trade creditors	627	1,540
Unpaid pension contributions	90	317
Finance lease obligations	4	15
Corporation tax	2	2
Other taxation and social security	372	382
Accruals and deferred income	1,156	1,045
	<u>2,251</u>	<u>3,301</u>

Trade creditors include £37,400 due to London Borough of Sutton (2015: £54,009). Included within accruals is a liability of £363,842 (2015: £48,148) due to the London Borough of Sutton.

Amounts falling due after more than one year:	2016 £000	2015 £000
Finance lease obligations	-	4

Obligations under finance leases are secured on the relevant tangible fixed assets.

Sutton Housing Partnership Limited

(Company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

18	FINANCE LEASE COMMITMENTS	2016	2015
		£000	£000
	The company's future minimum finance lease payments are as follows:		
		4	18
	In one year or less	4	14
	In more than one year, but no more than two years	-	4
		4	18
19	OPERATING LEASE COMMITMENTS	2016	2015
		£000	£000
	The company's future minimum operating lease payments are as follows:		
	In one year or less	199	193
	In more than one year, but no more than five years	797	773
	In more than five years	249	448
		1,245	1,414

Sutton Housing Partnership has a non-cancellable operating lease on our office premises at Sutton Gate. The cost of this lease for the year was £214,055 (2015: £197,134)

20 ULTIMATE PARENT UNDERTAKING

The company is a wholly owned subsidiary of the London Borough of Sutton, a local government organisation. No one party controls the company as, under the memorandum and articles of association, London Borough of Sutton can only appoint one third of the board, with the balance of directors being drawn from council tenants (including leaseholders) and members of the wider community.

21 RELATED PARTY TRANSACTIONS

The company has no transactions with key personnel beyond their contractual remuneration including salaries and pensions as per note 9 or reimbursement of business expenses incurred.

Management fees totalling £16,232,294 (2015: £15,425,110) were invoiced to the London Borough of Sutton.

London Borough of Sutton has provided services to the company to the value of £274,457 (2015: £264,051). Within this £217,076 (2015: £204,544) relates to legal, cashiering, HR, 'out-of hours' response & insurance services under service level agreements. Other transactions with London Borough of Sutton include premises rates and council services including fees for removal of abandoned vehicles, training, staff car parking plus recharges for external solicitor and court costs.

The balance owed to London Borough of Sutton as at the year end was £401,242 (2015: £102,157) as shown in note 13 including settlement of recharged supplier costs. The balance owing from the London Borough of Sutton as at the year end was £121,522 (2015: £568,900) as shown in note 12. The balance is repayable on normal commercial terms and does not bear interest.

Sutton Housing Partnership Limited

(Company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

22 DEFINED BENEFIT PENSION SCHEME DISCLOSURES

The company is an admitted member of the London Borough of Sutton local government superannuation scheme, a funded defined benefit scheme. A full actuarial valuation was undertaken as at 31st March 2013 and the assumptions updated annually. The latest full valuation was undertaken as at 31st March 2016 and will set contributions for the period 1st April 2017 to 31st March 2020.

ASSUMPTIONS AS AT	31 March 2016 % p.a.	31 March 2015 % p.a.	31 March 2014 % p.a.
Rate of inflation			
- RPI	3.3%	3.3%	3.6%
- CPI	2.4%	2.5%	2.8%
Rate of increase in salaries	4.2%	4.3%	4.6%
Rate of increase in pensions	2.4%	2.5%	2.8%
Discount rate	3.7%	3.4%	4.3%

	2016 £000	2015 £000
RECONCILIATION OF DEFINED BENEFIT OBLIGATION		
Opening defined benefit obligation at 1 April	32,873	27,249
Current service cost	1,165	969
Past service costs, including curtailments	46	-
Interest cost	1,115	1,168
Contributions by members	255	240
Change in financial assumptions	(2,452)	3,689
Experience gain	(1)	(1)
Estimated unfunded benefits paid	(2)	(2)
Estimated benefits paid	(423)	(439)
Closing defined benefit obligation at 31 March	32,576	32,873

RECONCILIATION OF FAIR VALUE OF THE PLAN ASSETS		
Opening fair value of employers assets at 1 April	23,220	20,769
Interest on assets	803	908
Return on assets less interest	(310)	886
Administration expenses	(26)	(22)
Contributions by members	255	240
Contributions by the employer	994	880
Benefits paid	(425)	(441)
Closing fair value of employers assets at 31 March	24,511	23,220

Sutton Housing Partnership Limited

(Company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

22 DEFINED BENEFIT PENSION SCHEME DISCLOSURES CONTINUED

DEFINED BENEFIT COSTS RECOGNISED IN PROFIT OR LOSS	2016 £000	2015 £000
Current service cost	1,211	969
Net interest cost	312	260
Administration expenses	26	22
Defined benefit costs recognised in the profit and loss	1,549	1,251

DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME	Year to 31/03/16 £000	Year to 31/03/15 £000
Return on Fund assets in excess of interest - gain/(loss)	(310)	886
Other actuarial gains / (losses) on assets	-	-
Change in financial assumptions	2,452	(3,689)
Change in demographic assumptions	-	-
Experience gain/(loss) on defined benefit obligation	1	1
Changes in effect of asset ceiling	-	-
Re-measurement of the net assets / (defined liability)	2,143	(2,802)

	31 March 2016	31 March 2015
LIFE EXPECTANCY FROM AGE 65 (YEARS)		
Retiring today		
- Males	21.8	21.7
- Females	25.1	25.0
Retiring in 20 years		
- Males	23.8	23.7
- Females	27.1	27.0

STATEMENT OF FINANCIAL POSITION	31 March 2016 £000	31 March 2015 £000	31 March 2014 £000
Fair value of fund assets	24,511	23,220	20,769
Present value of defined obligation	(32,539)	(32,833)	(27,211)
Present value of unfunded obligation	(37)	(40)	(38)
Net pension liability	(8,065)	(9,653)	(6,480)

The estimated employer's contributions for the year to 31 March 2016 will be approximately £814,000 (2015: £693,000). To address historic underfunding, from 1 April 2014 the employers contribution rate was 19.58%, with an additional annual lump-sum payment of £161,000 (2015: £155,000). A tri-ennial revaluation of the scheme is being undertaken as at 31 March 2016.

Sutton Housing Partnership Limited

(Company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

22 DEFINED BENEFIT PENSION SCHEME DISCLOSURES CONTINUED

SENSITIVITY ANALYSIS	£000	£000	£000
Adjustment to Discount Rate	+0.1%	0.0%	-0.1%
Present value of total obligation	31,945	32,576	33,220
Projected service cost	1,024	1,047	1,070
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	32,695	32,576	32,457
Projected service cost	1,048	1,047	1,046
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	33,109	32,576	32,055
Projected service cost	1,070	1,047	1,024
Adjustment to mortality age rating assumption	+1 year	None	-1 year
Present value of total obligation	33,503	32,576	31,675
Projected service cost	1,074	1,047	1,021

For the adjustment to the mortality age rating assumption, we are essentially assuming a member has the mortality of someone a year older or a year younger, for example, under +1 year we assume that a member with a 25 year life expectancy is actually expected to live for 26 years.

23 CONTINGENT LIABILITY / ASSET

There are no known events giving rise to a contingent liability of asset.

24 TRANSITION TO FRS 102

The company has adopted FRS 102 for the first time in preparing these financial statements and has restated the comparative prior year accounts accordingly.

The main changes that affect the financial statements are as follows:

Pension scheme measurement:

Removal of the expected return on assets which is replaced by a net interest cost comprising interest income on the assets and interest expense on the defined benefit obligation, which are both calculated with reference to the discount rate.

Annual leave accrual:

We have recognised a provision for annual leave accrued by employees as a result of services rendered in the current period, and which the employees are entitled to carry forward and use within the next 12 months. The provision is measured at the salary cost payable for the period of absence.

Sutton Housing Partnership Limited

(Company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

Reconciliation of equity at 1 April 2014 £000

Equity Members' funds at 1 April 2014 under previous UK GAAP	(4,633)
Holiday pay accrual	(65)
	<hr/>
Equity Members' funds at 1 April 2014 under FRS 102	(4,698)
	<hr/>

Reconciliation of equity at 31 March 2015 £000

Equity Members' funds at 31 March 2015 under previous UK GAAP	(7,981)
Holiday pay accrual	(64)
Pension restatement	(317)
	<hr/>
Equity Members' funds at 31 March 2015 under FRS 102	(8,362)
	<hr/>

Reconciliation of profit & loss for the year ended 31 March 2015 £000

Profit for the year ended 31 March 2015 under previous UK GAAP	(229)
Increase in holiday pay accrual	1
Impact of the pension interest cost	(317)
	<hr/>
Profit for the year ended 31 March 2015 under FRS 102	(545)
	<hr/>