

Company Registration Number: 05589014

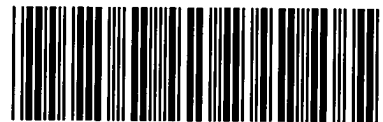


Sutton Housing Partnership Limited

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 March 2014

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COMPANIES HOUSE

Sutton Housing Partnership Limited

ADMINISTRATION INFORMATION

BOARD OF DIRECTORS

Resident board members

Simon Bannister ³

Zowie Biden ^{1,3}

Viktorija Skudneva ²

John Phillips (joined 11 February 2014)

Council appointed board members

Graeme Bennett ³

Michael Baldwin ^{1,3}

Abigail Lock ²

Muhammad Sadiq ¹

Independent board members

Ken Morgan ¹

Samantha Bromige ^{1,2}

Michael Davis ³ (Chair)

Tracey White ²

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
Sara Tutton	Executive Director (Property) (<i>Resigned May 2014</i>)
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 1YQ

Sutton Housing Partnership Limited

(Company limited by guarantee)

CHAIRMAN'S REPORT

31 March 2014

This annual report for Sutton Housing Partnership (SHP), covering the year 1 April 2013 to 31 March 2014, is the last for me as chair. It was also the first year of our 3 year plan covering to period to 2016 and published in March 2013.

This plan identified our key priorities, which are:

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.

In pursuing these priorities during the first year of the plan there have been a number of developments, both planned and unplanned. In terms of development of the business, we have witnessed:

An expanded investment programme of over £26 million has been successfully delivered with high levels of customer satisfaction. This has resulted in significant number of properties improved both internally and externally.

We have seen the continuing development of the Resident Scrutiny Group. This has allowed us to follow the principles of co-regulation, allowing residents to play an influential role in the monitoring and development of our services. As a result of a recommendation from the Residents' Scrutiny Group (RSG), some aspects of the grounds maintenance service, currently delivered by an external contractor, have been brought back in-house. This was to increase quality and responsiveness to the needs of residents.

Despite providing a high quality service, we were unsuccessful in our partnership bid to continue delivering the mobile response service for older residents and we ceased to provide this service in November 2013. This necessitated some readjustment to the sheltered housing service, but this has been successfully implemented.

We achieved Investors in People accreditation at Gold level for our staff training & development. The organisation's strength in this area was also recognised, by winning the category for health and well-being in the Sutton Business Awards.

We gained the Tenant Participation Advisory Service (TPAS) accreditation for our resident involvement work. TPAS invited SHP to be part of their annual conference to share our good practice with other organisations.

Health and safety remained a focus given the need to safeguard the health and wellbeing of residents and staff. This was recognised with both the maximum 5-star accreditation from the British Safety Council (BSC) for our health & safety management and a Sword of Honour.

In many respects and despite a number of achievements it has been a challenging year. In particular the re-procurement of the repairs contract and the resulting change of contractor has not gone as smoothly as we would have hoped. It has taken far longer than expected for the contractor to start moving towards acceptable levels of service

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CHAIRMAN'S REPORT

31 March 2014

delivery and this was not helped by one of the wettest winters for many years, which placed enormous pressure on the service. The impact of this has reduced resident satisfaction, not only in relation to the repairs service, but also more widely. Strong contract management and supporting improvement activity has seen services improve but performance has yet to achieve required levels.

In the last year we have developed a business growth plan that will provide a focus for our business development activities in 2014-15 and beyond. Areas of growth have been identified from an independent analysis of SHP's strength, the Council's viewpoint and a wider market analysis. This plan has identified areas of response to the Council's own review of housing.

All the work completed and the improvements made have only been possible through positive and effective working 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.



Michael Davis
Chair of Sutton Housing Partnership Board
10 September 2014

Sutton Housing Partnership Limited

(Company limited by guarantee)

STRATEGIC REPORT

31 March 2014

REVIEW OF THE BUSINESS

Principal Activities

Sutton Housing Partnership is the Arm's Length Management Organisation or 'ALMO' set up by Sutton Council as the main 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 Delivery Plan 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
- 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 Tenant Participation Compact
- Meeting the wider objectives of sustainable communities, neighbourhood renewal, community safety, diversity etc

Performance:

Our long term plans were set out in The SHP Plan 2013-16 which was published in March 2013. The following priorities were identified in the Plan:

- **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;

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STRATEGIC REPORT

31 March 2014

- **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.

There have been a number of developments, both planned and unplanned, during the year that will influence the way in which we aim to address these priorities in the next two years.

In terms of development of the business, we have witnessed:

- An expanded investment programme of over £26 million has been successfully delivered with high levels of customer satisfaction. However, we have not yet had the opportunity to partner the Council in regeneration and/or new build programmes;
- As a result of a recommendation from the Residents' Scrutiny Group (RSG), some aspects of the grounds maintenance service, currently delivered by an external contractor, have been brought back in-house;
- We were unsuccessful in our partnership bid to continue delivering the mobile response service for older residents and we ceased to provide this service in November 2013;
- We achieved Investors in People accreditation at Gold level for our staff training & development; Tenant Participation Advisory Service (TPAS) accreditation for our resident involvement work; and a Sword of Honour plus 5-star accreditation from the British Safety Council (BSC) for our health & safety management.

In responding to these issues, and the Council's own review of the ALMO, we have developed a business growth plan that will provide a focus for our business development activities in 2014-15 and beyond.

In terms of emerging threats to the business, we have witnessed:

- The introduction of a new responsive repairs & voids contractor in July 2013 has resulted in deterioration in both service performance and customer satisfaction. Whilst there have been recognisable improvements in performance since January 2014, these improvements will need to be sustained if previous levels of customer satisfaction are to be reached which is our intention;
- Although some of the planned welfare reforms have been introduced (under-occupation charges in April 2013 and the benefits cap in August 2013), the major reform of universal credit was not implemented as planned in October 2013;
- A number of housing related health & safety risks have gained more prominence nationally resulting in a greater focus locally. These risks include fire safety in high rise blocks arising from the Lakanal House enquiry and staff safety in legal enforcement duties arising from the Brixton eviction shooting incident.

In response to these and other emerging risks including new government policy on rent setting, we have reviewed the challenges facing us and updated our strategic risk register to reflect them. We have also used the risk register to identify the main actions we need to undertake to manage these risks.

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STRATEGIC REPORT

31 March 2014

Trends & Factors Likely To Affect Future Performance:

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

PRINCIPAL RISKS FACED BY THE ORGANISATION

Welfare Reform

The implementation of further welfare reform, specifically Universal Credit, remains a significant risk but it is now unlikely that this major reform will be implemented in this area until at least 2015.

Government Policy

Policies such as the reinvigoration of 'right to buy', a new approach to rent setting and potential capping of leaseholder major works charges reduce income in to the HRA with a potential negative impact on the SHP management fee and investment funding. In addition, other policies are resulting in the reduced availability of services from public sector agencies and this is contributing to increased demands on the SHP management fee to provide and/or fund these services.

Business Growth

Our desire to grow to secure the long term sustainability of the business is potentially limited by the Council's unwillingness to regard SHP as a strategic partner in service delivery other than housing management. Further, there is a risk that the organisation has neither the capacity nor the capability to expand into a more diverse range of service delivery.

Workforce

In a period of significant change, we must ensure that the leadership of the organisation remains effective and that we have robust systems and adequate funding in place to provide all employees with the appropriate skills, reward and recognition.

Reputation

Our reputation needs to be built on our achievements in delivering care, quality and value. Where these achievements are put at risk by failure to perform to previous high standards in any part of the business, our reputation is put at risk. Effective communication with all stakeholders is key to building that reputation. As the organisation seeks to grow and diversify it is important that our current customers see the benefits so that our reputation is not put at risk.

Contract Management

As the investment programme grows and new service providers begin to work with us, the risks associated with contract management grow. We recognise that to achieve our priorities these risks need to be addressed through effective and robust contract management arrangements.

Health, Safety and Welfare

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STRATEGIC REPORT

31 March 2014

Some of the key risks in this area have gained prominence through high profile national cases. This applies to the risks around safeguarding, safety of staff and fire safety. SHP continues to take account of any recommendations coming out of these high profile cases in our approach to managing these risks.

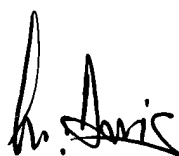
Risk Management

Within our risk management framework, our risk registers cover strategic, operational and health & safety risks. These risk registers are regularly considered by the Audit & Risk Committee, a sub-committee of the Board

POST BALANCE SHEET EVENTS

There were no events occurring after 31 March 2014 that would have any bearing on these financial statements.

On behalf of the board



Michael Davis
Chair of Sutton Housing Partnership Board
10 September 2014

Sutton Housing Partnership Limited

(Company limited by guarantee)

DIRECTOR'S REPORT

31 March 2014

The directors present their report and the audited financial statements for the year ended 31 March 2014.

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.

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 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.

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.

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DIRECTOR'S REPORT

31 March 2014

DIRECTORS

Under the Memorandum and Articles of Association, the directors, all of whom are non-executive, represent the local community:

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

At 31 March 2014 there were no 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 16 October 2013, no Board members were required to stand down.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the 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 law).

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 of the company and of the profit or loss of the company for that period.

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

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

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.

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DIRECTOR'S REPORT

31 March 2014

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they 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 it has been communicated to the auditor.

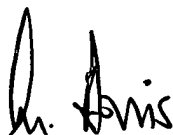
CHARITABLE DONATIONS

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



Michael Davis
Chair of Sutton Housing Partnership Board
10 September 2014

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

We have audited the financial statements which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet, the cashflow statement 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).

This report is made solely to the company's member, 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 member those matters we are required to state to it 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 member as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As more fully explained in the Statement of Directors' Responsibilities set out on page 9 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/apb/scope/private.cfm

Opinion on the 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 2014 and of its profit 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 Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the 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

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

- 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
12 September 2014

Sutton Housing Partnership Limited

(Company limited by guarantee)

PROFIT AND LOSS ACCOUNT

For the year ended 31 March 2014

	<i>Notes</i>	2014 £000	2013 £000
Turnover	<i>1</i>	15,700	15,179
Operating costs		<u>(15,450)</u>	<u>(14,745)</u>
OPERATING PROFIT	<i>2</i>	250	434
Interest Receivable	<i>3</i>	11	8
Interest Payable	<i>4</i>	<u>(99)</u>	<u>(50)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		162	392
Taxation	<i>7</i>	<u>(5)</u>	<u>(4)</u>
RETAINED PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE YEAR	<i>14</i>	<u>157</u>	<u>388</u>

Excluding FRS17 Pension adjustments the organisation produced a profit after taxation of £372,000 (2013: £479,000).

The profit 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 TOTAL RECOGNISED GAINS AND LOSSES

For the year ended 31 March 2014

	Notes	2014 £000	2013 £000
RETAINED PROFIT FOR THE YEAR		157	388
PENSION SCHEME GAINS AND LOSSES :			
Actuarial loss	14 / 20	(1,993)	(797)
TOTAL RECOGNISED LOSSES RELATING TO THE YEAR		(1,836)	(409)

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BALANCE SHEET

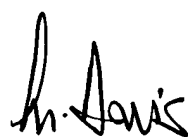
As at 31 March 2014

Company Registration Number : 05589014

	Notes	£000	2014 £000	£000	2013 £000
FIXED ASSETS					
Tangible fixed assets	8		<u>615</u>		<u>426</u>
CURRENT ASSETS					
Debtors	9	400		402	
Cash at bank and in hand		<u>3,468</u>		<u>3,825</u>	
		3,868		4,227	
CREDITORS: amounts falling due within one year	10	<u>(2,618)</u>		<u>(3,139)</u>	
NET CURRENT ASSETS			<u>1,250</u>		<u>1,088</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			1,865		1,514
CREDITORS: amounts falling due after more than one year	11		<u>(18)</u>		<u>(33)</u>
NET ASSETS EXCLUDING PENSION DEFICIT			1,847		1,481
Pension deficit	20		<u>(6,480)</u>		<u>(4,278)</u>
NET LIABILITIES INCLUDING PENSION DEFICIT			<u>(4,633)</u>		<u>(2,797)</u>
CAPITAL AND RESERVES					
Profit and loss account	14		1,847		1,481
Pension reserve	14		<u>(6,480)</u>		<u>(4,278)</u>
MEMBER'S FUNDS			<u>(4,633)</u>		<u>(2,797)</u>

As disclosed in note 13, the member derives no financial interest from its shareholding and accordingly all capital and reserves are classed as non-equity.

The financial statements on pages 16 to 27 were approved and authorised for issue by the board on 10 September 2014 and signed on its behalf by:



Chair : Michael Davis

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CASHFLOW STATEMENT

For the year ended 31 March 2014

	Notes	2014 £000	2013 £000
NET CASH INFLOW FROM OPERATING ACTIVITIES	15	42	3,311
Returns on investments and servicing of finance:			
Interest received		11	8
Interest paid		(5)	(7)
		6	1
Taxation Paid: Corporation tax		(5)	(4)
Capital expenditure:			
Payments to acquire tangible fixed assets		(385)	(303)
FINANCING – repayment of finance leases	16	(15)	(25)
(DECREASE) / INCREASE IN CASH	17	(357)	2,980

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ACCOUNTING POLICIES

For the year ended 31 March 2014

ACCOUNTING CONVENTION

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

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 with a break option at March 2016. 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.

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.

TANGIBLE FIXED ASSETS

Fixed assets are stated at historical cost. Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:-

Office Refurbishment	-	Over remaining term of lease
Equipment, plant and machinery	-	over 3 years
Furniture	-	over 5 years
Motor Vehicles	-	over 3 years

DEFERRED INCOME

Additional income is, on occasion, received from partner agencies in support of enhanced works or programmes to be undertaken in future years. This income is deferred and has been included in creditors.

RETIREMENT 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. A pension scheme asset is recognised on the balance sheet only to the extent that the surplus may be recovered by reduced future contributions or to the extent that the trustees have agreed a refund from the scheme at the balance sheet

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ACCOUNTING POLICIES

For the year ended 31 March 2014

date. A pension scheme liability is recognised to the extent that the company has a legal or constructive obligation to settle the liability.

DEFERRED TAXATION

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 these 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.

LIQUID RESOURCES

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

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.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

	2014	2013
	£000	£000
1 ANALYSIS OF TURNOVER		
Management fees	14,858	14,762
Other income	842	417
	<u>15,700</u>	<u>15,179</u>

Turnover represents the value, net of Value Added Tax of goods and services provided to third parties

	2014	2013
	£000	£000
2 OPERATING PROFIT		
This is stated after charging:		
Auditor's remuneration for audit services	16	16
Auditor's remuneration for non-audit services	3	3

	2014	2013
	£000	£000
3 INTEREST RECEIVABLE		
Bank interest received	11	8
	<u>11</u>	<u>8</u>

	2014	2013
	£000	£000
4 INTEREST PAYABLE		
Expected return on pension scheme assets	(1,009)	(952)
Interest on pension scheme liabilities	1,103	995
	94	43
Finance lease costs	5	7
	<u>99</u>	<u>50</u>

	2014	2013
	£000	£000
5 STAFF COSTS		
Wages and salaries	4,263	4,139
Redundancy costs	-	15
Social security costs	348	339
Other pension costs	816	745
Total employee cost	<u>5,427</u>	<u>5,238</u>

PENSION COSTS ARE ANALYSED AS FOLLOWS

	2014	2013
	£000	£000
Current service costs	816	745
Curtailment and settlements	-	-
Total operating charge	<u>816</u>	<u>745</u>

Sutton Housing Partnership Limited

(Company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

6 STAFF DETAILS

	2014 No.	2013 No.
Average number of employees during the year:		
Executive management team	4	4
Neighbourhood services	51	52
Property services	66	63
Resources (ICT, income management & finance)	35	35
Chief executive	4	4
Total	<u>160</u>	<u>158</u>

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

7 TAX ON PROFIT ON ORDINARY ACTIVITIES

	2014 £000	2013 £000
ANALYSIS OF CHARGE PERIOD		
Current Tax:		
Corporation tax on result for year	<u>5</u>	<u>4</u>
Tax on profit on ordinary activities	<u>5</u>	<u>4</u>
CURRENT TAX RECONCILIATION		
The tax assessed for the years differ from the standard rate of corporation tax as follows		
Profit on ordinary activities before tax	162	392
Tax on ordinary activities at the standard rate of Corporation tax 20% (2012: 20%)	32	78
Effect of non-trading activities with Member not subject to corporation tax	<u>(27)</u>	<u>(74)</u>
Actual current taxation charge	<u>5</u>	<u>4</u>

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.

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For the year ended 31 March 2014

	Buildings	Motor Vehicles	Equipment furniture plant and machinery	Total
	£000	£000	£000	£000
8 TANGIBLE FIXED ASSETS				
COST				
As at 1 April 2013	151	170	927	1,248
Additions	325	32	28	385
As at 31 March 2014	476	202	955	1,633
DEPRECIATION				
As at 1 April 2013	(8)	(106)	(708)	(822)
Charge in the year	(38)	(36)	(122)	(196)
As at 31 March 2014	(46)	(142)	(830)	(1,018)
NET BOOK VALUE				
As at 31 March 2014	430	60	125	615
As at 31 March 2013	143	64	219	426

Included above are assets held under finance leases as follows:

	Leasehold Vehicles £000
Net book value	
31 March 2014	26
31 March 2013	52

Depreciation charged during the year on leased assets was £26,200 (2013: £26,922)

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For the year ended 31 March 2014

	2014 £000	2013 £000
9 DEBTORS: amounts falling due within one year		
Trade debtors	21	153
Prepayments and accrued income	375	244
Provision for Bad Debt	(8)	(7)
	<u>388</u>	<u>390</u>
Amounts falling due after more than one year		
Traded debtors	6	2
Prepayments and accrued income	6	10
	<u>12</u>	<u>12</u>
	<u>400</u>	<u>402</u>

Trade debtors include £6,582 (2013: £143,302) 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 £66,749 (2013: £36,923).

	2014 £000	2013 £000
10 CREDITORS: amounts falling due within one year		
Trade creditors	1,319	2,196
Unpaid pension contributions	68	70
Finance lease contracts	15	15
Other taxation and social security	442	189
Accruals and deferred income	769	665
Corporation tax	5	4
	<u>2,618</u>	<u>3,139</u>

Trade creditors include £39,707 due to London Borough of Sutton (2013: £129,094). Included within accruals is a liability of £6,928 (2013: £20,725) due to the London Borough of Sutton.

	2014 £000	2013 £000
11 CREDITORS: amounts falling due after more than one year		
Amounts falling due under finance lease contracts	<u>18</u>	<u>33</u>

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

12 BORROWINGS		
The company has borrowings as detailed below:		
- Finance Leases	<u>33</u>	<u>48</u>
The present value of finance lease liabilities is as follows:		
In one year or less	15	15
In more than one year, but no more than two years	14	15
In more than two years, but no more than five years	4	18
	<u>33</u>	<u>48</u>

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For the year ended 31 March 2014

13 MEMBER

The company is limited by guarantee and the liability of the member to contribute to any deficiency of assets is £1.

The member has no rights to the income or assets of the company.

	Profit and Loss account excluding pension liability £000	Pension Reserve £000	Total Member's Funds £000
14 PROFIT AND LOSS ACCOUNT AND MOVEMENT IN MEMBER'S FUNDS			
At 1 April 2012	1,005	(3,393)	(2,388)
Retained profit for the year	388	-	388
Transfer	88	(88)	-
Other recognised gains and losses:			
Actuarial loss	-	(797)	(797)
At 31 March 2013	<u>1,481</u>	<u>(4,278)</u>	<u>(2,797)</u>
Retained profit for the year	157	-	157
Transfer	209	(209)	-
Other recognised gains and losses:			
Actuarial loss	-	(1,993)	(1,993)
As at 31 March 2014	<u>1,847</u>	<u>(6,480)</u>	<u>(4,633)</u>

15 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES	2014 £000	2013 £000
Operating profit	250	434
Depreciation of fixed assets	196	157
Decrease / (increase) in debtors	2	1,439
Increase / (decrease) in creditors	(537)	1,237
Difference between pension scheme contributions and amounts charged to the profit and loss account	131	44
NET CASH INFLOW FROM OPERATING ACTIVITIES	<u>42</u>	<u>3,311</u>

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For the year ended 31 March 2014

16	RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS	2014 £000	2013 £000
	Increase / (decrease) in cash	(357)	2,980
	New finance leases entered into in year	-	(39)
	Financing lease repayments	15	25
	Change in net funds arising from cash flows	(342)	2,966
	Net funds at beginning of period	3,777	811
	Net funds at 31 March 2014	3,435	3,777

17	ANALYSIS OF CHANGES IN NET FUNDS	As at 1 April 2013 £000	Cash Flows £000	Non-cash Movements £000	As at 31 March 2014 £000
	Cash at bank and in hand	3,825	(357)	-	3,468
	Finance leases	(48)	15	-	(33)
		3,777	(342)	-	3,435

18 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.

19 RELATED PARTY TRANSACTIONS

The company has related party transactions with the London Borough of Sutton. Management fees totalling £14,857,800 (2013: £14,761,758) were invoiced to the London Borough of Sutton. London Borough of Sutton has provided services to the company to the value of £315,674 (2013: £325,208). Within this £147,727 (2013: £193,086) relates to legal, cashiering and HR services under service level agreements. The 2013 value also included Internal Audit which was tendered to a 3rd party from 01/01/2013. 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 £46,635 (2013: £149,819) as shown in note 10 including settlement of recharged supplier costs. The balance owing from the London Borough of Sutton as at the year end was £73,331 (2013: £180,225) as shown in note 9. The balance is repayable on normal commercial terms and does not bear interest.

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For the year ended 31 March 2014

20 RETIREMENT BENEFITS

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 assumptions and net assets and liabilities of the element of the scheme relating to the company were:

ASSUMPTIONS AS AT	31 March 2014 % p.a.	31 March 2013 % p.a.	31 March 2012 % p.a.
Rate of inflation	2.8%	2.4%	2.5%
Rate of increase in salaries	4.6%	5.1%	4.8%
Rate of increase in pensions	2.8%	2.8%	2.5%
Discount rate	4.3%	4.5%	4.8%

MORTALITY	Males	Females
Current pensioners	22.3 years	24.5 years
Future pensioners	24.2 years	26.8 years

ASSETS (EMPLOYER)	Return at 31 March 2014 % p.a.	Assets at 31 March 2014 £000	Return at 31 March 2013 % p.a.	Assets at 31 March 2013 £000	Return at 31 March 2012 % p.a.	Assets at 31 March 2012 £000
Equities	6.6%	12,669	5.8%	12,211	6.2%	11,602
Bonds	4.1%	5,400	3.8%	6,005	4.0%	3,924
Property	4.8%	1,454	3.9%	1,001	4.4%	1,024
Cash	3.7%	1,246	3.0%	801	3.5%	512
Total		<u>20,769</u>	5.0%	<u>20,018</u>	5.5%	<u>17,062</u>

NET PENSION (LIABILITY) AS AT	31 March 2014 £000	31 March 2013 £000	31 March 2012 £000
Estimated employer assets	20,769	20,018	17,062
Present value of scheme liabilities	(27,211)	(24,256)	(20,418)
Present value of unfunded liabilities	(38)	(40)	(37)
Net pension (liability)	<u>(6,480)</u>	<u>(4,278)</u>	<u>(3,393)</u>

The expected return on assets is based on the long-term future expected investment return for each asset class at the beginning of the period (i.e. 31 March 2013 for the year to 31 March 2014) or date of joining the fund if later.

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20 RETIREMENT BENEFITS (CONTINUED)

	2014	2013
	£000	£000
RECONCILIATION OF DEFINED BENEFIT OBLIGATION		
Opening defined benefit obligation at 1 April	24,296	20,455
Current service cost	816	745
Interest cost	1,103	995
Contributions by members	216	218
Actuarial losses/(gains)	1,398	2,304
Losses on curtailments	-	-
Estimated unfunded benefits paid	(2)	(2)
Estimated benefits paid	(578)	(419)
Closing defined benefit obligation at 31 March	<u>27,249</u>	<u>24,296</u>
RECONCILIATION OF FAIR VALUE OF EMPLOYER ASSETS		
Opening fair value of employers assets at 1 April	20,018	17,062
Expected return on assets	1,009	952
Contributions by members	216	218
Contributions by the employer	699	698
Contributions in respect of unfunded benefits	2	2
Actuarial gains	(595)	1,507
Unfunded benefits paid	(2)	(2)
Benefits paid	(578)	(419)
Closing fair value of employers assets at 31 March	<u>20,769</u>	<u>20,018</u>

The estimated employer's contributions for the year to 31 March 2015 will be approximately £632,000 (2013: £691,000). To address historic underfunding, from 1 April 2014 the employers contribution rate has been increased from 18% to 19.58%, with an additional annual lump-sum payment of £155,000 to be made. A tri-ennial revaluation of the scheme was completed in October 2013.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

20 RETIREMENT BENEFITS (CONTINUED)

AMOUNTS FOR THE CURRENT AND PREVIOUS ACCOUNTING PERIODS

Year Ended:	31/03/14	31/03/13	31/03/12
	£000	£000	£000
Fair value of employer assets	20,769	20,018	17,062
Present value of defined obligation	(27,249)	(24,296)	(20,455)
(Deficit) / Surplus	(6,480)	(4,278)	(3,393)
Experience gains / (losses) on assets	(595)	1,508	(300)
Experience gains / (losses) on liabilities	656	19	(146)
Year Ended:		31/03/11	31/03/10
		£000	£000
Fair value of employer assets		15,620	13,893
Present value of defined obligation		(18,497)	(21,719)
(Deficit) / Surplus		(2,877)	(7,826)
Experience gains / (losses) on assets		446	2,862
Experience gains / (losses) on liabilities		498	(1)

AMOUNT RECOGNISED IN STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES (STRGL)

Year Ended:	31/03/14	31/03/13	31/03/12
	£000	£000	£000
Actuarial gains / (losses)	(1,993)	(797)	(695)
Actuarial gains / (losses) recognised in STRGL	(1,993)	(797)	(695)
Cumulative actuarial gains / (losses)	(6,140)	(4,147)	(3,350)
Year Ended:		31/03/11	31/03/10
		£000	£000
Actuarial gains / (losses)		3,103	(5,595)
Actuarial gains / (losses) recognised in STRGL		3,103	(5,595)
Cumulative actuarial gains / (losses)		(2,655)	(5,758)