

**ROSEMARY SIMMONS MEMORIAL HOUSING ASSOCIATION LIMITED
TRADING AS CROWN SIMMONS HOUSING
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

**HOMES AND COMMUNITIES AGENCY
REGISTRATION NUMBER LH1026**

**REGISTERED SOCIETIES
REGISTRATION NUMBER 15355R**

ROSEMARY SIMMONS MEMORIAL HOUSING ASSOCIATION LIMITED
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**LEGAL AND ADMINISTRATIVE INFORMATION
FOR THE YEAR ENDED 31 MARCH 2017**

EXECUTIVES AND ADVISORS

BOARD

Alfons Dankis	Chairman
Jane Worsley	(Retired 27 September 2016)
Christopher Clarke	
Stephen Cooper	
Helen Edwards	(Resigned 13 June 2017)
Robin Fielder	
Diane Lennan	
Anil K Majevalia	
Dan Prentice	(Retired 27 September 2016)
Rob Webber	
Nick Williams	
Roger Winterburn	(Retired 27 September 2016)

LEADERSHIP TEAM

Paul Yates	Chief Executive
Emma Solomons	Customer Services Director
Helen Routledge	Director of Finance (Appointed on 7 November 2016)
John McNiece	Interim Finance & Resources Director (Resigned on 4 November 2016)

COMPANY SECRETARY

Paul Yates

REGISTERED OFFICE

1st Floor, Aissela
46 High Street
Esher KT10 9QY

SOLICITORS

Winckworth Sherwood	Sharratts (London)	Bowles & Co
Minerva House	1 The Old Yard	18 Church Street
5 Montague Close	Rectory Lane, Brasted	Epsom
London SE1 9BB	Westerham TN16 1JP	Surrey KT17 4QD

BANKERS

Lloyds TSB Bank plc
25 Gresham Street
London
EC2V 7HN

EXTERNAL AUDITORS

Beever and Struthers
15 Bunhill Row
London
EC1Y 8LP

INTERNAL AUDITORS

Mazars
Tower Bridge House
St Katharine's Way
E1W 1DD

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REPORT OF THE BOARD FOR THE YEAR ENDED 31 MARCH 2017

Introduction

The Board of Management present their report together with the audited financial statements for the year ended 31 March 2017. The Statement of Recommended Practice for Registered Social Housing Providers 2014 requires the disclosure of the strategic report to accompany the financial statements for all social landlords with over 5,000 homes in management. As Crown Simmons Housing has fewer than that, a full strategic report is not disclosed but instead a report included that is suitable for an independent organisation of this size.

Principal Activity

The Association is a Registered Provider and as such its principal activities are the provision of low cost accommodation. Our Mission is to develop a range of homes and services for the benefit of lower to middle income people who are unable to access housing through the normal market process.

Nature of the Business

The Association operates in the South East and London and as at 31 March 2017 had 693 homes in ownership and management.

	2017	2016
Social Housing	472	472
Non social housing	81	167
Shared ownership	25	28
Leasehold	115	112
Total in development	39	-
	732	779

Objectives and strategy

In 2017 the Association approved a new corporate plan "Better, Stronger Smarter" setting out our plan for the next four years. We have adopted three overarching objectives for the delivery of our strategic objectives:

- Improving customer services ("better")
- Growing our business ("stronger")
- Organisational Simplicity, efficiency and value for money ("smarter")

Business model

The Association offers a range of housing including rented housing, shared ownership housing for older people and leasehold. It also provides a range of maintenance and support services.

Achievements and Performance

The association made a surplus for the year of £477,253 compared to £429,238 in 2016. Major repairs expenditure was £412,621 (2016: £462,041) of which £376,321 (2016: £363,137) was capitalised.

Further performance information is included in the value for money section of the Board report and the self assessment.

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Future Prospects

During 2016 the association restructured how it delivered its' services, following the 1% per annum rent reduction until 2020 and the decision of The Mayor's Office for Policing and Crime (MOPAC) to dispose of the properties managed on their behalf.

The 30 year Financial Plan takes account of reductions in income from both the rent reduction and the loss of the MOPAC contract in 2016. It also includes savings in management costs following the recent staff restructure and reductions in planned and responsive repairs expenditure. The Plan demonstrates our ability to continue to maintain our stock as its existing high level and to invest in new housing whilst meeting our lender commitments.

The Business Plan has been stress tested against a number of risk scenarios as well as 'perfect storm' combinations. Mitigation strategies have been put in place against each of the scenarios. The stress resting exercise has also been reviewed by our internal auditors.

The Board has concluded that even against the backdrop of increased risk for housing associations, Crown Simmons Housing remains a viable association. Through this process we have established that we retain the capacity add to our housing portfolio over the next five years, through a combination of development growth and property acquisition.

Principal Risks and Uncertainties

The Association regularly reviews the key risks facing it. This year it also reviewed its risk appetite. The Board, Audit and Risk Committee and Leadership Team monitors risk on a regular basis. The reports include how the Board is receiving assurance on the management of the risks. The high level risks are:

- Service failure
- Cash crisis
- Major business disruption
- Major fall in income
- Major unplanned expenditure or liability
- Loss of life or serious health and safety breach

The Government has announced a public enquiry following the Grenfell Tower disaster and we will be monitoring any recommendations that arise.

Structure, Governance and Management

The Board of Management who served during the year is listed, together with the Leadership Team, on page 3.

The Board are all non-executive members working voluntarily for the Association. The members of the Board are drawn from a wide variety of disciplines, so as to provide the balance of skills and experience to manage the association. All Board members undergo an annual appraisal process and as part of this process the Board considers if there are any skills gaps. Each member of the Governing Board holds one fully paid share of £1 in the Association. The Board met formally six times during the year.

The Board delegates some decisions to two committees, with closely defined terms of reference and standing orders. The following committees deal with specific aspects of the Association's affairs.

- The Audit & Risk Committee has five members and has responsibility for ensuring that the Company complies with its statutory duties by monitoring external and internal audit, reviewing the risk framework and internal controls.
- The Governance & Remuneration Committee has five members who are responsible for a formal and transparent mechanism for developing payments and remuneration policies for Executives and Board Directors and for overseeing the human resources policy.

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In addition the Board sets up Task and Finish groups made up of Board members and staff to consider specific areas or projects. Each group has clearly defined terms of reference and reports to the Board.

Whilst retaining its responsibilities for the overall strategy and policies of the Association, the Board delegates the operational management to the Leadership Team.

The Board has adopted the National Housing Federation Code of Governance 2015. Compliance with the Code was reviewed during the year and no areas of non-compliance were identified.

The Board confirms that the association has met the Homes and Communities Agency regulatory expectations in the Governance and Viability standard.

Statement on the Association's System of Internal Controls

The Board has overall responsibility for establishing and maintaining the whole system of internal control and reviewing its effectiveness.

The Board recognises that such a system can provide only reasonable and not absolute assurance against material misstatements or loss or eliminate all risks of failure to achieve business objectives.

The system of internal control is designed to manage key risks and to provide reasonable assurance that planned business objectives and outcomes are achieved. It also exists to give reasonable assurance about the preparation and reliability of financial and operational information and the safeguarding of the Association's assets and interests.

In meeting its responsibilities, the Board has adopted a risk-based approach to internal controls which are embedded within the normal management and governance process. This approach includes the regular evaluation of the nature and extent of risks to which the Association is exposed. This approach is consistent with best practice.

The Board has delegated the responsibility for managing internal controls to the Audit and Risk Committee. This responsibility is reflected within its terms of reference. The Board has established a business planning, risk and control framework.

Statement of the Board's Responsibilities

The Board is responsible for preparing the report and financial statements in accordance with applicable law and regulations.

The Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation require the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the association and of its income and expenditure for that period. Under that law the Board has elected to prepare the Association's financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS102 "The Financial Reporting Standard applicable in the United Kingdom and republic of Ireland".

Public Benefit Entity

As a public benefit entity, Rosemary Simmons Memorial Housing Association Limited has applied the public benefit entity 'PBE' prefixed paragraphs of FRS 102.

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Value for Money

Introduction

This self-assessment presents our continuing progress on delivering value for money. It provides a review of our current position and our plans for the year ahead. A summary of this statement will be included in the annual report and the financial statements.

This statement is a summary of our performance against targets set in 2016 and our aims for the coming year and covers the activities of Crown Simmons Housing and Fellowship Houses Trust.

About Crown Simmons

Crown Simmons Housing was formed in 2014 from the merger of Rosemary Simmons and Crown Housing Associations. We were originally established in 1959.

We are a social business and at 1 April 2017 owned and managed just under 700 homes in the South East and London – mainly in Surrey and south west London – with a turnover of £4.7m through two Registered Providers. We have ambitious plans to grow our housing portfolio by around 130 homes over the next 5 years, through new development and stock acquisition.

A full copy of the Value for Money Self Assessment will be available on our web site by 30 September 2017.
(<http://www.crownsimmons.org.uk/about-us/value-for-money/>)

Governance

The Board has responsibility for setting the vision and mission of the Association. In 2017 they approved a new Plan “*Better Stronger, Smarter*”. This plan puts together a framework for achievement for the next 4 years taking us through our 60th birthday in 2019 towards 2021. We remain committed to continuing our founding ethos to provide more affordable housing in our area of operation and improve services for our customers.

The Board is made up of 8 members who possess the skills and experience to manage the organisation. The Board has approved this self assessment prior to publication.

The Board also approves key corporate strategies. These and the annual targets within “*Better, Stronger, Smarter*” provide the framework for the annual corporate plan. The annual operational plan sets out the detailed objectives and the actions we will take to deliver our corporate objectives. These are then cascaded throughout the organisation and form part of departmental targets and individual performance plans.

Strategic approach

We have adopted 3 over-arching objectives for the delivery of our strategic plan:

1. Improving Customer Service (“*Better*”)
2. Growing our Business (“*Stronger*”)
3. Organisational Simplicity, Efficiency and Value for Money (“*Smarter*”)

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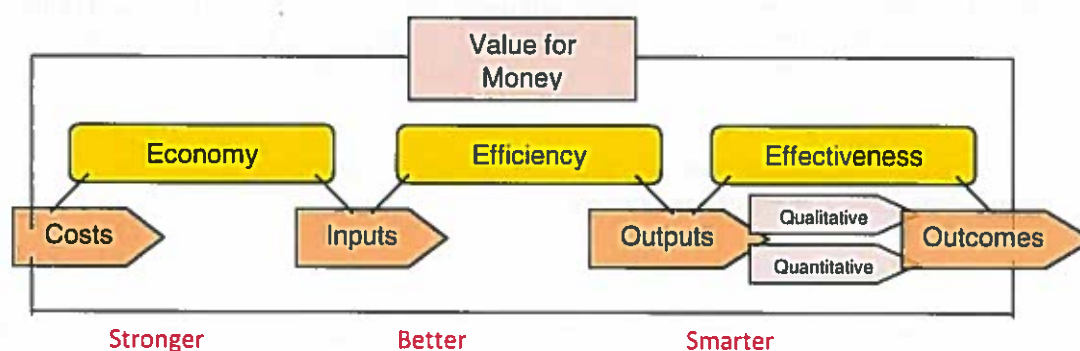
By 2021 we will have:

- Top quartile resident satisfaction when compared against housing associations nationally
- Provided more opportunities to our residents to be 'self servicing' using digital technology
- Grown our units in ownership and management by at least 15% and will be closer to 1,000 homes in management
- Achieved further external recognition for our positive culture and staff engagement
- An operating margin of 25% with a target surplus of 10% of our annual turnover (minimum 2% in any single year)
- Operating costs per unit at the median level for smaller registered providers (less than 1,000 units in management) nationally.

The Board also approved a new value for money strategy which aligned our value for money objectives to the strategic plan.

What is Value for Money

Crown Simmons Housing believes that Value for Money is about using finite resources to maximum effect to get the best outcomes for customers. It is about getting the most out of our assets and staff by operating efficiently and effectively.



Structure of Self Assessment

The following sections evaluate value for money performance against the three corporate objectives: improving Customer Services, Growing the Business and Organisational Simplicity, Efficiency and Value for Money.

Improving Customer Service ("Better")

a) Customer Service Current Performance

How do our services compare with others?

SPBM is the national smaller housing providers' benchmarking network, facilitated by Acuity in partnership with HouseMark. Aimed at housing providers with up to 1,000 homes, SPBM has 128 members owning / managing over 67,000 homes across eight English regions; the average stock size is 385. Crown Simmons has chosen to benchmark itself against this group rather than the 13 members of SHAPE (Smaller Housing Associations Pursuing Excellence) benchmarking and good practice group for the purposes of this Statement. The SHAPE group consists of smaller housing associations operating in the South East ranging from around 80 sheltered housing units to 700 units in management. All members of Shape are also members of SPBM. Crown Simmons is the largest member of the SHAPE group. The SPBM is a larger group with more organisations similar to Crown Simmons.

Customer Satisfaction

At the end of 2016 we asked Acuity, an independent research company, to survey 50% of our residents anonymously (we had already surveyed the other half in 2015), to find out if they are satisfied with the service we provide.

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Surveying 100% of residents over two years allows us to get an idea of how residents feel, identify the areas that require improvements and start making changes.

The aim is to run the Acuity survey again in 2018 and 2019. We will develop a text question later this year to give us more immediate feedback on our performance and to identify any trends and make us more responsive to our customers needs.

Responses from the 2016 survey, like the 2015 survey, told us that 85% of residents are satisfied with our services. The feedback also told us 87% of residents said staff are easy to contact.

We have used the feedback to identify actions to further improve our services.

- Working to secure a single heating contractor to improve resident satisfaction, by providing a consistent service regardless of the type of heating system in residents' homes.
- Asking some of our residents for their ideas on improving the cleaning and gardening service and establishing an Estate Services Improvement Group to design standards for this service. The new service will be in place in Autumn/Winter 2017.
- Reviewing the information provided to leaseholders with their service charges and aim to develop this further over the future years.
- Focusing on residents' use of on-line services more, including use of digital training sessions such as Digital Eagles run by Barclays Bank.
- Updating our Customer Service training – in 2016 all front line staff, including call handlers at our repairs partners, were involved in training sessions to improve their service and ensure customers have questions answered quickly.

In addition we completed a piece of work to identify who our customers are, what access they have to on-line services and the preferred methods of communication. This will help to shape the development of our digital strategy and consider how to involve our residents in the service they receive and put more resource into supporting our more vulnerable residents. This enables us to tailor our service to the deliver the most appropriate assistance for the individual.

Net Promotor Score (NPS)

As part of the customer satisfaction survey (STAR survey) carried out in the autumn of 2016, residents were asked, based on their overall experience how likely they would be to recommend Crown Simmons to family and friends; this is similar to surveys conducted in the private sector. The results are based on Promotors, Passives and Detractors. The survey found that the majority of residents would recommend Crown Simmons.

Comparison with commercial companies indicate the most efficient companies operate around 50-80. The table below shows the comparisons with HouseMark data obtained for general needs residents for landlords over 1000 properties in 2015/16.

Net promotor (general needs)	Score
Crown Simmons	37
Upper Quartile	34
Median	27
Lower Quartile	11

This suggests that whilst the overall satisfaction has remained static compared to the 2015 survey, we have some loyal residents.

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Repairs

The majority of residents 80% are satisfied with the overall repairs and maintenance service compared to 82% in the previous survey. Satisfaction with the last repair was also 80% and had reduced from 86%. Whilst the key maintenance satisfaction results are lower than the 2015 survey, there have been increases in satisfaction in most areas of the service. Residents are 10% happier than in 2015 with being able to book appointments. This we believe is due to our current arrangements for reporting repairs whereby residents report repairs directly to our repairs partner KNK. KNK are able to diagnose the repair over the phone and arrange for their operative to attend at a time convenient to the resident. In order to facilitate this we have simplified the priorities we use for repairs to just two; emergencies and routine repairs which are carried out at the residents convenience.

We were pleased to be awarded the South-East regional award for the best HA/Landlord of the year for the Energy Efficiency and Healthy Homes Awards in March 2017, demonstrating our commitment to upgrading our homes, making them more energy efficient for our customers. The specific project involved replacing old, ill-fitting doors and windows with more modern designs.

b) Achievement of 2016/17 Customer Service targets

	Our plans for 2016/17	Result	What we achieved
Scheme Manager Service	Following consultation with residents about services they provide we will be reviewing the role and services provided by scheme based staff in 2016/17.	In Progress	A review of this service is underway, taking into account: <ul style="list-style-type: none"> • Resident consultation • Reduction in Supporting People funding • The new structure will go live on 3 July 2017.
STAR Survey Action Plan	Implement the Star Survey action plan. A second survey will take place at the end of 2016. The action plan includes actions aimed at improving the experience for our customers in terms of repairs, grounds maintenance, services to leaseholders, access to IT in communal areas in older persons housing and customer services provided by staff.	Achieved	The action plan was completed. The 2016 STAR survey showed overall customer satisfaction was maintained. Some parts of the service saw an increase in customer satisfaction but there were still areas for improvement. These are documented above.

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c) Future Customer Service targets

The targets for future improvements in customer service are:

Area	Target
Improving Customer Services Objective	
Procure a single cleaning & grounds maintenance service with residents involved in shaping the service	Complete a procurement exercise to reduce costs and improve services for our residents. The new service will go live in autumn 2017. Establish an Estate services Improvement group to design standards for this service.
Procure a new utilities with a single supplier to ease reporting for customers	Transfer all gas and electric bills to a single supplier for better value and reduced time in processing invoices.
Procure one new heating contractor	Increase resident satisfaction through providing a consistent service regardless of the type of heating.
Streamline the Biomass invoicing	Provide quarterly invoices for heating & hot water to residents, with a clear explanation of charges. Reduce the level of debt.
Review tenancy agreements	Complete a review of all tenancy agreements and development of a standard tenancy agreement to ensure consistency.
Streamline the sales process	Review and implement a new sales process to reduce time but maintain customer service when dealing with leasehold/shared ownership sales.
Tender lift contract	Complete a procurement exercise for a single supplier to service and maintain lifts owned within Crown Simmons stock. This will improve the quality, provide a better service to residents and reduce costs of dealing with multiple invoices.
Increase the number of customers using digital services	Identify the number of customers using online services to contact Crown Simmons (use this as our baseline). Promote online services to see an increase in users; investigate installing Wi-Fi in communal areas; work with other agencies to provide IT/digital training for residents.
Restructure support services	Complete the re-structure of the scheme based staff to provide a cost effective, professional service.

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c) Future Customer Service targets (Continued)

Deliver service improvement plan from star survey 2016	Complete actions from the 2015/2016 Star Survey. Assess the improvements by comparing results against the Star survey planned for autumn 2018. Actions <ul style="list-style-type: none"> • Obtain specific examples from residents who felt we did not listen to views and act on them. • Follow up the comments from the survey and provide feedback. • Encourage more residents to get involved with shaping the service, particularly with the estate service procurement. • Understand how we integrate more digital services for residents. • Ensure the frontline staff answering calls on behalf of Crown Simmons, i.e. our repairs partner, meet the same level of customer service that CSH staff provide.
Increase methods of obtaining resident satisfaction data	Introduce text survey questions.
Further review the information provided to leaseholders on service charges	Increased satisfaction with service charges

Growing our Business (“Stronger”)

a) Current Financial Performance

Our turnover reduced in 2017 due to a management contract ending with the Mayor’s Office for Policing and Crime (MOPAC) and the rent reduction of 1%. MOPAC decided to sell the homes we managed on their behalf. In response to this and the rent reduction a review of the cost base was carried out in 2016. This plan was implemented in 2017 and resulted in a reduction in staff of 6.8 and savings of £256,000. This saving and the additional pension provision of £387,000 in 2016 contributed to the improved operating margin in 2017. Crown Simmons comfortably meets the loan covenants. Crown Simmons is planning to raise a further £10m loan finance in 2017 to enable further new homes to be developed. This will take us closer to our loan covenants but still with a degree of comfort.

Our operating margin increased from 13% to 19.7%, however this is still below the average of the SPBM group (26%). Crown Simmons manages schemes for others and pays rent which is included in the operating margin and which reduces it. The social housing operating margin is 25.4% which is nearer to the sector average.

	2017	2016
	£	£
Turnover	4,279,351	4,836,621
Operating Surplus	841,526	626,365
Surplus	477,253	429,238
Operating margin	19.7%	13.0%
Net Margin	11.2%	8.9%
Tightest Gearing Must be less than 60% Covenant	37.98%	39.00%
Tightest Income covenant Must exceed 1.25:1	2.08	2.67

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Crown Simmons has plans to grow our homes in management by 15% over the next four years to 1000 homes.

The following projects are progressing and will help deliver the new homes:

- Acquire 28 homes we currently manage from MOPAC at the Raynesfield estate in Merton. This transfer is expected to complete in 2017/18. Completion of this transaction was delayed following the London Mayoral elections in May 2016.
- Start on site for two schemes totalling 39 new homes at Mole Abbey and Rosemary House.
- In March 2017 we achieved planning permission for the new development at Mole Abbey where we will be demolishing 12 existing properties and communal facilities and replacing these with 28 new homes for rent, shared ownership and private sale.
- At Rosemary House we are looking to replace office premises in our ownership with 11 new apartments for shared ownership and private sale.
- We have received indicative grant funding from the Homes & Communities Agency of £750,000 as capital grant for these two projects.
- Working jointly with a local council to develop an innovative new housing product to address homelessness
- Reviewing options for establishing a tax-efficient development subsidiary to complement our plans for providing 6 homes for private sale to provide subsidy for affordable housing.

The return on capital employed has been calculated using the definition in the sector score card pilot. (Further details of these performance indicators are included in the section on Organisational Simplicity, Efficiency and Value for Money). It is expected that the return on capital will reduce as Crown Simmons develops the new homes and then to increase once these new homes are in management. The stock rationalisation both the acquisition of Raynesfield and the disposal of Highbury will significantly impact on the ratio. The disposal will increase the ratio and the acquisition reduces it.

	2017	2016
Operating Surplus including disposals	981,426	924,796
Total Assets	45,530,318	45,749,981
Return on capital employed	2.16%	2.02%

b) Achievement of Growth Targets 2016/17

Area	Our plans for 2016/17	Result	What we achieved
Rationalise our area of operations through disposals and acquisitions	Dispose of Highbury View which is outside our core area of operation.		The preferred bidder withdrew from the transaction in December 2016. We still believe that a more local provider will provide a better service for residents so will be reviewing our options in 2017.
	Acquire Raynesfield.	In Progress	The Association has been negotiating with MOPAC for the acquisition of the Raynesfield scheme. We agreed Heads of Terms in June 2016 but progress has been slow due to the change in the London Mayor and subsequent review of policy in this area

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c) Future growth targets

The value for money targets for 2017/18 to grow the business are:

Growing our Business Objectives	Target
Transfer Highbury	Review opportunities to transfer ownership of Highbury View to a local landlord, reducing travel and staff time and to provide a more local, responsive service for our residents in an area where we have no plans to expand operations.
Start on site at Mole Abbey	In contract to develop 28 new homes.
Start on site At Rosemary House	Achieve planning permission and enter into contract to develop 11 new homes.
Investigate new product to reduce homelessness	Agreement reached with Local Authority for provision of capital funding for an innovative property acquisition scheme.
Options appraisal on redundant office space at schemes	Identify opportunities to re-model existing site offices for communal facilities or additional accommodation, in order to maximise our income.
Complete the options review of new sources of funding to support growth ambitions which may include refinancing/restructuring existing debt.	New funding of £10m in place.
Review the cost model for repairs to get the best out of the contract and drive further efficiencies from the partnering contract for responsive repairs.	Reduce the maintenance costs to £850 per property per year in 2017/18 to include all responsive repairs, void works and cyclical redecorations.
Review and fine tune our "golden rules" for new development to measure the impact of risk on the business.	Stress testing completed.
Investigate acquisitions from other social landlords in our area of operation.	On track to deliver 15% unit growth by 2021.

Organisational Simplicity, Efficiency and Value for Money ("Smarter")

a) Current Performance

Crown Simmons benchmarks our performance with the SPBM national smaller housing providers' benchmarking network. Our performance overall was mixed at a period of change for the organisation.

Comparing performance between 2016/17 and 2015/16 out of 10 Key Performance Indicators five improved, one remained the same being gas at 100% and four decreased.

Void turnaround reduced marginally. We have instigated weekly void meetings with our voids contractor. At these meetings progress is monitored and information is shared regarding new voids that are in the pipeline. The complete void process was reviewed to assess areas that were causing delay and streamline the process further. We have compiled our own waiting list so that if suitable nominations from local authorities are not forthcoming we are able to allocate the void properties ourselves.

Current tenant arrears for general needs and Housing for Older People rose to 3.0% from 2.6% and rent collected was 101.34%. In January 2017 a new arrears policy and procedure was adopted, focussing on early action and support for tenants to sustain their tenancy. The process is reviewed through the compliance checks carried out by internal auditors.

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All our properties continue to have valid gas safety certificates.

We know our maintenance costs are high. Comparing the two years responsive repairs reduced slightly but this was offset by increased void costs. The cost of major and cyclical work increased between the years but we expect major repairs to reduce in future years as the stock is in good condition. The repairs fee cost in 2016/17 increased due to the re-procurement of the gas contract and the ongoing work on developing a new cost model. One of our priorities going forward is to reduce our maintenance costs without compromising on quality. We are negotiating a new cost model with our repairs contractor in order to achieve savings and we have retendered our gas/heating servicing contract which will show a saving against the agreement we currently have in place.

In addition to looking at trends we have compared the 2016 results to the SPBM Housemark group (appendix B). This indicates a range of quartiles with 4 above median and five below. The two lowest quartile are both repairs performance indicators. This benchmarking and the star survey have both informed our service improvement action plan. The priorities for 2017/18 are:

- Obtain specific examples of how we can listen and act on the views of residents.
- Encourage more resident involvement in shaping services.
- Increase the number of digital services.
- Standardise delivery of front line services including those delivered through our partners.
- Develop a new

Crown Simmons is participating in the pilot sector scorecard for value for money. The complete PI's are included in appendix C.

The operating margin increased significantly in 2017 from 13.0% to 19.7%. This was due to a combination of efficiencies through the restructure and an increase in past service deficit charge for the Social Housing Trust pension scheme in 2016.

The establishment changes have empowered the team to question why we do things in a certain way, challenge current processes and establish if we can do things better, smarter and more efficiently.

Our earnings covered the interest by 176% compared to 151% in the previous year demonstrating we have the ability to take on further debt to deliver new homes, overheads as a percentage of turnover are estimated at 13.4% following the restructure.

Headline social housing costs reduced by £543 to £4,347 in 2016/17 but are above the sector average of £3,970. The restructure of the support service should further reduce costs in 2017/18.

We were pleased that the overall satisfaction remained at 85% but are not complacent and have plans to improve it further.

People & Culture

Staff encountered many changes over the last year and it is reassuring that we have a committed team who feel empowered to challenge current practices and make improvements for our customers. The customer satisfaction level remained static during this period of change and this is positive recognition for the team.

During 2015 we reviewed our core values and developed a champions award where staff are rewarded for going above and beyond their job, whilst demonstrating one or more of our values. Over the year there have been eight champions who have been recognised. In addition we introduced a competency framework, linked to our values, which set out the behaviours we expect from staff. Everyone received an annual appraisal and these were completed and submitted to the leadership team within the timescales.

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The culture has changed and progressed over the last year. We know it, but it was great to receive this recognition from our own team through the Innovation Index run by consultants, Dolphin via Inside Housing. We were placed in the top 20 housing organisations in the country for innovation, based on surveys with staff. This has made us all very proud, but we're not complacent and continue to review and challenge our practices. The whole organisation took part in a planning day, identifying tasks and objectives and lead officers for the operational plan; the detail which sits behind our corporate plan.

Members of the team also took on some charity events baking cakes for the Macmillan Coffee Morning event, which was attended by colleagues from other businesses within our office block and raised nearly £200. Then got fit by completing a 5KM around Bushy Park in aid of Elmbridge Rent start, a local charity supporting single people into permanent homes. We raised £800, contributing to the total of £5000.

We have also implemented the following to improve efficiency

- Stopped printing quarterly rent statements as these are available on My Tenancy, our on line resident services portal
- Set up a direct payment account for court costs to get a lower rate
- Increased the number of tenants on direct debit by 12% in 5 months
- Sending texts instead of letters to residents notifying and reminding them of appointments.

b) Achievement of 2016/17 targets

Target Area	Our Plans for 2016/17	Status	Current Position
Repairs & Maintenance Cost Models	Explore alternative cost models to reduce maintenance costs to nearer to sector average.	In Progress	Negotiations have been ongoing for some time with our repairs partner regarding an alternative cost model to the existing hybrid SOR arrangement that we have in place. Progress has been slow.
Consultancy Support for Partnering Agreement	Review the role of Partnering Advisor.	Not achieved	Given the changes we have been attempting to make it has been necessary to continue with the level of support provided by our Partnering Advisor, Echelon.
Reviewing Management Contract Cost Models	Review cost model for the managed services. This exercise will also inform pricing for new management services business.	Achieved	All three management agreements were reviewed and re-negotiated for periods of 5-6 years. In addition, overheads were reviewed to ensure consistency across the management agreements and to assist with pricing future opportunities.
Gas Servicing & Breakdown Contact	Procure a new heating contract.	In Progress	The procurement of the new gas/heating servicing contract began in March 2017. The contract is due to go live on 1 st August 2017.
Review of Value for Money Strategy	Review the VfM strategy and re-align to the corporate plan.	Achieved	The Value for Money strategy was reviewed in 2017 and aligned to the Corporate plan.
Long Term Pensions Strategy	Review of pension scheme costs and liabilities.	Achieved	A new Defined Contribution scheme was introduced on 1 August 2016 for new staff and those who were not previously members of the DB scheme. This will provide the Association with greater control of its costs over time.

ROSEMARY SIMMONS MEMORIAL HOUSING ASSOCIATION LIMITED

TRADING AS CROWN SIMMONS HOUSING

**REPORT OF THE BOARD
FOR THE YEAR ENDED 31 MARCH 2017**

c) Future value for money targets

The Organisational Simplicity, Efficiency and Value for Money future targets are:

Objective	Target
Tender for IT hardware and maintenance contract	Complete a procurement exercise to reduce costs and improve IT services for our staff.
Tender telephone and broadband procurement	Complete a procurement exercise to transfer all telephone and broadband to a single supplier for better value and reduced time in processing invoices.
Tender water cooling system	Complete a procurement exercise to ensure we get best value for the water cooling system in the office. Investigate if cooled water could be provided through other means, e.g. filtered tap water.
Update the IT strategy including a Pyramid GAP analysis	Complete a GAP analysis to identify areas within Pyramid which are not used/used to their full potential. Identify priorities and train staff to use Pyramid in the most efficient/effective way.
Automate rent accounting and arrears monitoring	Use Pyramid system to automate arrears and rent accounting processes; train staff so rent is input in a timely fashion and arrears reduce/income increases.
Paperless invoicing	Implement a paperless invoicing system to reduce paper, cost and time when processing payment runs.
Streamline the production of the management accounts	Reduce the time taken to produce by 1 day.
Increase ownership of budgets	Budget holders access to run their own reports Achieve the budget for 2017/18.
Ensure all service charges are fully recovered	Monitor expenditure to ensure service charge income covers service charge costs and tenants/leaseholders receive value for money. Work with residents to adapt the service to achieve better value for money.
Implement the internal audit recommendations	Recommendations implemented by the due date.
Develop our suite of operational and Board KPIs to support our approach to new measures proposed by the HCA Sector Scorecard	Benchmark with other housing organisations using the new Value For Money pilot scorecard.
Ensure that our operating costs are at the median level for smaller housing associations	Costs benchmarked at median level.
Develop alternative cost models to reduce maintenance costs to nearer to sector average	Costs benchmarked at median level
Investigate the establishment of tax efficient subsidiaries to limit exposure to VAT and corporation tax in the development of new homes and provision of management services for other landlords.	Decision made and implemented on optimum structure
Merge/link corporate trusteeships	Investigate merging or linking corporate trusteeships to reduce the number of individual set of accounts required.
Develop our People Strategy and ensure that our staff are managed well and supported with terms and conditions at the median of the market we operate in.	People strategy implemented
Achieve further external recognition for our positive culture and staff engagement.	External recognition

ROSEMARY SIMMONS MEMORIAL HOUSING ASSOCIATION LIMITED

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REPORT OF THE BOARD
FOR THE YEAR ENDED 31 MARCH 2017

Performance Indicator Comparison Previous Year

Appendix A

HA Name	Crown Simmons 2016/17	Crown Simmons 2015/16	Improved ?
Ave re-let time - GN & HfOP	25.8 days	26.0 days	Yes
% rent collected – GN	101.34%	100.5%	Yes
Current tenant arrears - GN only	3.0%	2.6%	No
% repairs completed within target time	91%	96%	No
% dwellings with a valid gas safety cert	100%	100%	Same
Weekly expenditure on reactive repairs per unit	£10.86	£12.62	Yes
Cost per property of responsive repairs and void works	£1025.75	£981.86	Yes
Cost per property - Major and cyclical works	£986.40	£788.86	No
Void losses - GN & HfOP	0.22%	0.23%	Yes
Fees spend per property per week	0.76	0.26	No

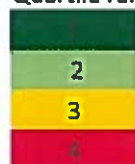
Performance Indicator Comparison Peer Group 2016

Appendix B

HA Name	Crown Simmons 2015/16	HA SPBM quartile	SPBM median
Ave re-let time - GN & HfOP	26 days	3	17.9 days
% rent collected - GN & HfOP	100.5%	2	99.94%
Current tenant arrears - GN only	2.6%	3	2.58%
% repairs completed within target time	96.0%	3	97.2%
% dwellings with a valid gas safety cert	100%		100%
Weekly expenditure on reactive repairs per unit	£12.62	DNA	£7.92
Cost per property of responsive repairs and void works	£981.86	4	£682.5
Cost per property - Major and cyclical works	£788.86		£895.28
Void losses - GN & HfOP	0.23%		0.46%
Fees spend per property per week	£0.26	4	£0.12

Quartile ranking

DNA Data not currently available or new PI for 2016/17



ROSEMARY SIMMONS MEMORIAL HOUSING ASSOCIATION LIMITED

TRADING AS CROWN SIMMONS HOUSING

**REPORT OF THE BOARD
FOR THE YEAR ENDED 31 MARCH 2017**

Value for Money Sector Scorecard Pilot Performance Indicators Appendix C

	2017	2016	Improved ?
Business Health			
Operating margin	19.66%	12.95%	Yes
Operating Margin Social Housing	25.42%	16.04%	Yes
EBITDA	176.50%	151.94%	Yes
Development Capacity			
Units developed	0	0	Same
Units developed as a percentage stock	0	0	Same
Gearing	33.28%	34.46%	Yes
Outcomes delivered			
Customer satisfaction	85%	85%	Same
£s Invested in new housing supply for every £ generated from operations	£0.14	£0.06	Yes
£s invested in communities for every £ generated from operations	£0.01	£0.00	Yes
Effective Asset Management			
Return on capital employed	2.16%	2.02%	Yes
Occupancy	100%	99.57%	Yes
Ratio of responsive repairs to planned maintenance	1.25	DNA	DNA
Operating Efficiencies			
Headline social housing cost per unit	£4,347	£4,890	Yes
Rent Collected	101.34%	100.5%	Yes
Overheads as a percentage of adjusted turnover	13.45%	DNA	DNA

Statement of Board Responsibilities in respect of the Financial Statements.

The Board is responsible for preparing the report and financial statements in accordance with applicable law and regulations.

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

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the association and enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing in England 2015 and the Statement of Recommended Practice: Accounting by Registered Social Housing Providers (SORP 2014). It has general responsibility for taking reasonable steps to safeguard the assets of the association and to prevent and detect fraud and other irregularities.

ROSEMARY SIMMONS MEMORIAL HOUSING ASSOCIATION LIMITED

TRADING AS CROWN SIMMONS HOUSING

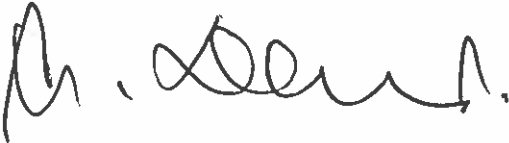
**REPORT OF THE BOARD
FOR THE YEAR ENDED 31 MARCH 2017**

Information for Auditors

We, the Board members of Rosemary Simmons Memorial Housing Association Limited trading as Crown Simmons Housing who held office at the date of approval of these Financial Statements as set above each confirm that, so far as we are each aware, that: there is no relevant audit information of which the Association's Auditors are unaware; and we have taken all the steps we ought to have taken as Board members in order to make ourselves aware of any relevant audit information and to establish that the Association's auditors are aware of that information.

The Association is committed to ensuring appropriate independence in its relationship with the external auditors. A resolution will be proposed at the Annual General Meeting that Beever and Struthers Chartered Accountants to be re-appointed as auditors for the year to 31 March 2018.

On behalf of the Board



.....
ALFONS DANKIS
CHAIRMAN

DATE:

ROSEMARY SIMMONS MEMORIAL HOUSING ASSOCIATION LIMITED

TRADING AS CROWN SIMMONS HOUSING

**REPORT OF THE INDEPENDENT AUDITORS
FOR THE YEAR ENDED 31 MARCH 2017**

We have audited the financial statements of Rosemary Simmons Memorial Housing Association Limited trading as Crown Simmons Housing for the year ended 31 March 2017 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows and the Statement of Changes in Reserves 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 Association's Board, as a body, in accordance Section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association'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 Association and The Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Board and the Auditor

As explained more fully in the Statement of Board's Responsibilities set out on page 7, the Board are responsible for the preparation of the financial statements which 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 Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to The Association's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Association's Board; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Board's Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion, the financial statements:

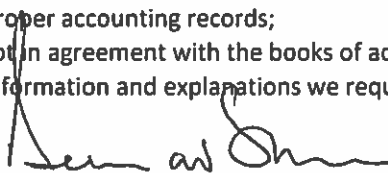
- Give a true and fair view of the state of the Association's affairs as at 31 March 2017 and of its income and expenditure for the year then ended; and
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- Have been properly prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

- A satisfactory system of control over transactions has not been maintained; or
- The Association has not kept proper accounting records;
- The financial statements are not in agreement with the books of account; or
- We have not received all the information and explanations we require for our audit.

**Beever and Struthers
Chartered Accountants
Statutory Auditor**



15 Bunhill Row
London
EC1Y 8LP

Date: 17 August 2017

ROSEMARY SIMMONS MEMORIAL HOUSING ASSOCIATION LIMITED

TRADING AS CROWN SIMMONS HOUSING

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2017

	Notes	March 2017 £	March 2016 £
Turnover	3	4,279,351	4,836,621
Operating expenditure	3	(3,437,825)	(4,210,256)
Operating surplus		841,526	626,365
Surplus on sale of fixed assets	8	139,900	298,431
Interest receivable	6	40,052	73,258
Interest and financing costs	7	(544,225)	(568,816)
Surplus/(deficit) for the year		477,253	429,238

The financial statements on pages 22 to 41 were approved and authorised for issue by the Board on 26 July 2017 and were signed on its behalf by:

Chair

Board Member

Company Secretary

The Statement of Comprehensive Income relates wholly to continuing activities and the notes on pages 29 to 44 form an integral part of these accounts.

ROSEMARY SIMMONS MEMORIAL HOUSING ASSOCIATION LIMITED

TRADING AS CROWN SIMMONS HOUSING


STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 MARCH 2017

	Notes	March 2017 £	March 2016 Restated £
Fixed assets			
Housing Properties	13	36,640,681	36,716,572
Other Fixed Assets	14	141,462	154,767
		<u>36,782,143</u>	<u>36,871,339</u>
Current assets			
Debtors	16	198,806	359,305
Cash and cash equivalents		10,758,477	10,722,271
Stock	15	-	128,675
		<u>10,957,283</u>	<u>11,210,251</u>
Less: Creditors:			
Amounts falling due within one year	17	(2,209,108)	(2,331,609)
Net current assets/(liabilities)		<u>8,748,175</u>	<u>8,878,642</u>
Total assets less current liabilities		<u>45,530,318</u>	<u>45,749,981</u>
Creditors:			
Amounts falling due after more than one year	18	(26,013,409)	(26,710,325)
Total net assets		<u>19,516,909</u>	<u>19,039,656</u>
Reserves and capital			
Share capital	25	28	28
Reserves		19,516,881	19,039,628
		<u>19,516,909</u>	<u>19,039,656</u>

The financial statements on pages 22 to 41 were approved and authorised for issue by the Board on 26 July 2017 and were signed on its behalf by:


Chair


Board Member


Company Secretary

The notes on pages 26 to 41 form an integral part of these accounts.

ROSEMARY SIMMONS MEMORIAL HOUSING ASSOCIATION LIMITED

TRADING AS CROWN SIMMONS HOUSING

**STATEMENT OF CHANGES IN RESERVES
FOR THE YEAR ENDED 31 MARCH 2017**

	Total Reserves Restated
	£
Balance as at 1 April 2015	18,610,390
Surplus/(deficit) from Statement of Comprehensive Income	429,238
Balance at 31 March 2016	19,039,628
Surplus/(deficit) from Statement of Comprehensive Income	477,253
Balance at 31 March 2017	19,516,881

The notes on pages 26 to 41 form an integral part of these accounts.

ROSEMARY SIMMONS MEMORIAL HOUSING ASSOCIATION LIMITED

TRADING AS CROWN SIMMONS HOUSING

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2017

Notes	Year ended 31 March 2017	Year Ended 31 2016
	£	£
Net cash flow from operating activities	1,245,786	2,351,824
Cash flow from investing activities		
Purchase of tangible fixed assets	(553,329)	(569,471)
Movement of Work in Progress	128,675	(116,434)
Interest received	40,052	73,258
Surplus on sale of fixed assets	139,900	298,431
Cash flow from financing activities		
Interest paid	(518,225)	(549,816)
Movement in share capital		(1)
Repayment of loan	(446,653)	(383,711)
(Increase)/decrease in term deposits	-	-
Increase/(decrease) in liquid resources	-	-
Cashflow from merger	-	-
Net change in cash and cash equivalents	36,206	1,104,080
Cash and cash equivalents at beginning of the year	10,722,273	9,618,193
Cash and cash equivalents at end of the year	10,758,479	10,722,273
Note i		
Cash flow from operating activities		
Surplus for the year	477,253	429,238
Adjustments for non-cash items:		
Depreciation charges	515,899	554,031
Loss on disposal of components	126,626	1,094,074
Change in debtors	160,499	(147,779)
Change in creditors	(330,136)	509,210
Amortisation of grant	(42,628)	(265,077)
Adjustments for investing or financing activities:		
Interest and financing costs	518,225	549,816
Interest receivable	(40,052)	(73,258)
Surplus on sale of fixed assets	(139,900)	(298,431)
Net gain/(loss) on business combination	-	-
Net cash generated from operating activities	1,245,786	2,351,824

The notes on pages 26 to 41 form an integral part of these accounts.

ROSEMARY SIMMONS MEMORIAL HOUSING ASSOCIATION LIMITED

TRADING AS CROWN SIMMONS HOUSING

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

1. PRINCIPAL ACCOUNTING POLICIES

Legal Status

Rosemary Simmons Memorial Housing Association Limited trading as Crown Simmons Housing is incorporated in England under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Homes and Communities Agency as a Private Registered Provider of Social Housing as defined by the Housing and Regeneration Act 2008. The registered office is 1st Floor, Aissela, 46 High Street, Esher, KT10 9QY.

Basis of accounting

These financial statements have been prepared in accordance with applicable United Kingdom Accounting Generally Accepted Accounting Practice (UK GAAP) and the Statement of Recommended Practice: Accounting by registered social housing providers Update 2014 (SORP 2014).

The financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015. The accounts are prepared on the historical cost basis of accounting. The Association's financial statements have been prepared in compliance with FRS 102 as it applies for the first time to the financial statements of the Association for the year ended 31 March 2016. The accounts are prepared on the historical cost basis of accounting except for investment properties which are held at fair value and are presented in sterling £.

The Association transitioned from previous UK GAAP to FRS 102 as at 1 March 2015.

As a public benefit entity, Rosemary Simmons Memorial Housing Association Limited has applied the public benefit entity 'PBE' prefixed paragraphs of FRS 102.

Turnover

Turnover represents maintenance charges receivable, grants from local authorities, and other income.

Fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. Housing properties are analysed into land cost, structure cost and components cost. Depreciation is charged on a straight line basis over the expected economic useful lives of the assets at the following annual rates:

Fixtures, fittings and equipment	2% to 20%
Housing properties structure	1%
Roofs	1.67%
Boilers	4%
Kitchens	5%
Bathrooms	5%
Windows	3.5%
Electrics	4%

Freehold land is not depreciated.

The useful economic lives of all tangible fixed assets are reviewed annually.

All properties are reviewed for impairment annually, and where housing properties have suffered a permanent diminution in value, the fall in value is recognised after taking account of any related grants.

ROSEMARY SIMMONS MEMORIAL HOUSING ASSOCIATION LIMITED

TRADING AS CROWN SIMMONS HOUSING

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

1. PRINCIPAL ACCOUNTING POLICIES (continued)

Shared Ownership Properties

The costs of low cost home ownership properties are split between current and fixed assets on the basis of the first tranche portion. The first tranche portion is accounted for as a current asset and the sale proceeds shown in turnover. The remaining element of the shared ownership property is accounted for as a fixed asset and subsequent sales treated as sales of fixed assets.

Social Housing Grant (SHG)

Where developments have been financed wholly or partly by social housing and other grants, the amount of the grant received has been included as deferred income and recognised in Turnover over the estimated useful life of the associated asset structure (not land), under the accruals model. SHG received for items of cost written off in the Statement of Comprehensive Income Account is included as part of Turnover.

SHG must be recycled by the Association under certain conditions, if a property is sold, or if another relevant event takes place. In these cases, the SHG can be used for projects approved by the Homes and Communities Agency and Greater London Authority. However, SHG may have to be repaid if certain conditions are not met. If grant is not required to be recycled or repaid, any unamortised grant is recognised as Turnover. In certain circumstances, SHG may be repayable, and, in that event, is a subordinated unsecured repayable debt.

Recycling of Capital Grant

Where Social Housing Grant is recycled, as described above, the SHG is credited to a fund which appears as a creditor until used to fund the acquisition of new properties, where recycled grant is known to be repayable it is shown as a creditor within one year. Recycling capital grant can be abated when sale proceeds are less than the original cost.

Employee Benefits

A liability is recognised to the extent of any employee benefits including unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted cost to the employees of the future holiday entitlement and accrued at the balance sheet date.

Capitalisation of interest and administration costs

Interest on loans financing development is capitalised up to the date of the completion of the scheme.

Administration costs relating to development activities are capitalised based on an apportionment of the management time spent on this activity.

Pensions

The Association participates in a multi-employer Social Housing Pension Scheme. Retirement benefits to employees of the Association are funded by contributions from all participating employers and employees of the scheme. Payments are made to a fund operated by the Pensions Trust, an independent trust providing pension benefits for employees of voluntary organisations.

A liability is recognised for the contributions that arise from an agreement to fund a deficit in a multi-employer pension scheme, so a liability is recognised at the present value of the contributions payable.

Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

ROSEMARY SIMMONS MEMORIAL HOUSING ASSOCIATION LIMITED

TRADING AS CROWN SIMMONS HOUSING

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

1. PRINCIPAL ACCOUNTING POLICIES (continued)

Improvements to property

The Association capitalises expenditure on housing properties which adds to the value of the property or extends its useful life. Improvements to property that relate to assets that have a separately identifiable life to the property concerned, are also capitalised but under a category separate from the property.

Investments

Investments are classified as fixed assets and stated at market value. Income from investments is credited to the Income and Expenditure Account on a receivable basis. Movements in market value of investments are taken to the endowment fund or the accumulated income reserve via the Statement of Comprehensive Income.

Going Concern

The Associations' financial statements have been prepared on a going concern basis which assumes an ability to continue operating for the foreseeable future. Government's announcements in July 2015 impacting on the future income of the Group have led to a reassessment of the Association's business plan as well as an assessment of imminent or likely future breach in borrowing covenants. No significant concerns have been noted and we consider it appropriate to continue to prepare the financial statements on a going concern basis.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had an effect on amounts recognised in the financial statements:

- a. **Tangible fixed assets:** Other than investment properties, tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.
- b. **Impairment:** The Association has identified a cash generating unit for impairment assessment purposes at a property scheme level.

Financial Instruments

Financial assets and financial liabilities are measured at transaction price initially, plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial instruments held by the Association are classified as follows:

- Financial assets such as cash, current asset investments and receivables are classified as loans and receivables and held at amortised cost using the effective interest method; and
- Financial liabilities such as bonds and loans are held at amortised cost using the effective interest method.

ROSEMARY SIMMONS MEMORIAL HOUSING ASSOCIATION LIMITED

TRADING AS CROWN SIMMONS HOUSING

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

2. RESTATEMENT OF COMPARATIVES

The 2016 Statement of Financial Position and Statement of Changes in Reserves have been reduced by £57,030. This is an adjustment to the depreciation on a disposal in 2015.

3. TURNOVER, OPERATING EXPENDITURE AND OPERATING SURPLUS

	2017		
	Turnover £	Operating expenditure £	Operating surplus £
Social housing lettings (note 3)	3,208,312	2,392,678	815,634
Non Social Housing Lettings			
Other Activities			
Support services	54,224	64,446	(10,222)
Development services	0	85,123	(85,123)
Keyworker and charitable managed housing	1,016,815	895,578	121,237
	<u>1,071,039</u>	<u>1,045,147</u>	<u>25,892</u>
Total	<u>4,279,351</u>	<u>3,437,825</u>	<u>841,526</u>
	2016		
	Turnover £	Operating expenditure £	Operating surplus £
Social housing lettings (note 3)	3,234,748	2,715,992	518,756
Non Social Housing Lettings			
Other Activities			
Support services	53,017	66,234	(13,217)
Development services	-	-	-
Keyworker and charitable managed housing	1,548,856	1,428,030	120,826
	<u>1,601,873</u>	<u>1,494,264</u>	<u>107,609</u>
Total	<u>4,836,621</u>	<u>4,210,256</u>	<u>626,365</u>

ROSEMARY SIMMONS MEMORIAL HOUSING ASSOCIATION LIMITED

TRADING AS CROWN SIMMONS HOUSING

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

4. TURNOVER AND OPERATING EXPENDITURE FROM SOCIAL HOUSING LETTINGS

	General Needs Housing Accommodation	Sheltered	Shared Ownership & Leasehold	Total	2016
	£	£	£	£	£
Income					
Rents	1,371,721	863,747	59,974	2,295,442	2,371,850
Service Charges	192,321	150,307	403,325	745,953	694,964
Amortisation of grant	118,653	43,065	5,199	166,917	167,944
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Turnover from Social Housing Lettings	1,682,695	1,057,119	468,498	3,208,312	3,234,748
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Expenditure					
Services	91,357	105,744	410,138	607,239	611,130
Management	375,821	206,632	205,105	787,558	1,097,495
Routine maintenance	344,675	81,091	0	425,766	369,384
Major/Planned maintenance	24,266	12,034	0	36,300	98,904
Housing property depreciation	322,626	111,522	63,330	497,478	543,301
Rent losses from bad debts	23,258	15,079	0	38,337	(4,222)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Operating expenditure on Social Housing Lettings	1,182,003	532,102	678,573	2,392,678	2,715,992
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Operating Surplus on Social Housing Lettings	500,692	525,017	(210,075)	815,634	518,756
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Rent losses from voids	8,605	3,936	4,729	17,270	29,465

5. ACCOMMODATION OWNED, MANAGED AND IN DEVELOPMENT

	2017	2016
Social Housing		
Owned and Managed		
General needs rented	364	364
Shared ownership	25	25
Leasehold	115	115
Managed for others	108	108
Keyworker managed for others	81	176
	<hr/>	<hr/>
	693	788
In development	39	0
	<hr/>	<hr/>
	732	788
	<hr/>	<hr/>

ROSEMARY SIMMONS MEMORIAL HOUSING ASSOCIATION LIMITED

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**NOTES TO THE FINANCIAL STATEMENTS
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6. INTEREST RECEIVABLE

	2017	2016
	£	£
Interest receivable	40,052	73,258
	<u> </u>	<u> </u>

7. INTEREST AND FINANCING COSTS

	2017	2016
	£	£
Interest payable on bank loans	505,987	534,654
Loan Amortisation	12,046	15,162
Unwinding pension discount rate	26,000	19,000
RCGF interest	192	-
	<u> </u>	<u> </u>
	<u>544,225</u>	<u>568,816</u>

8. SURPLUS/(LOSS) ON SALE OF FIXED ASSETS

	2017	2016
	£	£
Sale of properties (including staircasing of shared ownership properties)	611,530	1,335,930
Cost of sales	(471,630)	(1,037,499)
	<u> </u>	<u> </u>
	<u>139,900</u>	<u>298,431</u>

9. SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION

	2017	2016
	£	£
The operating surplus is stated after charging:		
Depreciation on housing properties	497,478	515,308
Depreciation on other fixed assets	18,421	17,463
Operating leases	105,569	106,092
Auditors remuneration excluding VAT		
In their capacity as auditors	13,500	18,150
In respect of other services	1,500	2,041

10. TAX ON SURPLUS ON ORDINARY ACTIVITIES

By virtue of S.478 of the Corporation Tax Act 2010, the Association is exempt from Corporation Tax.

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11. DIRECTORS' REMUNERATION

The Directors of the Association are defined as the Board, the Chief Executive and Leadership Team. None of the Board received any emoluments during the year.

	2017	2016 (restated)
	£	£
The aggregate emoluments paid to or receivable by		
The Directors	190,946	263,846
The highest paid Director, excluding pension contributions	90,208	88,563
The aggregate compensation for redundancy paid to or receivable by		
The Directors	0	22,519
The aggregate amount of any consideration payable to or receivable by third parties for making available the services of a Director (incl. in aggregate enrolments)	64,200	31,560

The Chief Executive is an ordinary member of the pension scheme and a contribution by the Association of £5,113 (2016: £6,714) was made in addition to the personal contributions of the Chief Executive. No enhanced or special terms apply.

The Board of Management received no remuneration in the year.

Total expenses reimbursed to the Directors	2017	2016
	£	£
Board	2,147	3,252
Other Directors	2,420	2,249
	<u>4,567</u>	<u>5,501</u>

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NOTES TO THE FINANCIAL STATEMENTS
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12. EMPLOYEE INFORMATION

	2017	2016
Staff Costs	£	£
Wages and salaries	654,678	739,885
Social security costs	66,278	66,679
Pension costs	35,550	383,274
Redundancy costs	4,500	89,364
Total	761,006	1,279,202

The weekly number of FTE (based on a 35-hour week) staff was:

Administration staff	14	18
Scheme managers and cleaners	5	5
Maintenance	1	1
	20	24

Aggregate number of full time equivalent staff whose salary exceeded £60,000 in the period was:

	2017	2016
	No.	No.
£60,001 - £70,000	-	1
£70,001 - £80,000	1	-
£80,001 - £90,000	-	-
£90,000 - £100,000	1	1
£100,000 - £110,000	-	-

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NOTES TO THE FINANCIAL STATEMENTS
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13. HOUSING PROPERTIES

	Housing Properties	Housing Properties under Construction	Shared Ownership	Total Housing Assets
	£	£	£	£
Cost				
At the start of the year	37,918,492	1,255,143	2,258,865	41,432,500
Adjustments	(584,262)	(65,258)	710,700	61,180
Additions Housing Properties	106,342	171,368	0	277,710
Additions Components	269,982			269,982
Disposals	(13,585)	(86,019)	(26,501)	(126,105)
At the end of the year	<u>37,696,969</u>	<u>1,275,234</u>	<u>2,943,064</u>	<u>41,915,267</u>
Depreciation and impairment				
At start of the year	4,597,253	0	118,675	4,715,928
Adjustments	61,180	0	0	61,180
Charge for the year	468,047	0	29,431	497,478
Disposals	0	0	0	0
At end of the year	<u>5,126,480</u>	<u>0</u>	<u>148,106</u>	<u>5,274,586</u>
Net book value at 31 March 2017	<u>32,570,488</u>	<u>1,275,234</u>	<u>2,794,958</u>	<u>36,640,681</u>
Net book value at 1 April 2016 (restated)	<u>33,321,239</u>	<u>1,255,143</u>	<u>2,140,190</u>	<u>36,716,572</u>

All housing properties are freehold.

	2017 £	2016 £
Works to existing properties in the year:		
Improvement works capitalised	106,342	141,674
Components capitalised	269,982	221,463
Amounts charged to expenditure	36,300	225,510

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14. OTHER FIXED ASSETS

	Furniture, equipment and motor vehicles £	Equipment at schemes £	Total £
Cost			
At start of the year	291,038	0	291,038
Additions	888	4,749	5,637
Disposals	(50,301)	0	(50,301)
At end of the year	<u>241,625</u>	<u>4,749</u>	<u>246,374</u>
Depreciation			
At start of the year - restated	136,271	0	136,271
Charge for the year	18,421	0	18,421
Disposals	(49,780)	0	(49,780)
At end of the year	<u>104,912</u>	<u>0</u>	<u>104,912</u>
Net book value at 31 March 2017	<u>136,713</u>	<u>4,749</u>	<u>141,462</u>
Net book value at 1 April 2016	<u>154,767</u>	<u>0</u>	<u>154,767</u>

15. STOCK

	2017 £	2016 £
Stock held for re-sale	0	128,675
	<u>0</u>	<u>128,675</u>

16. TRADE AND OTHER DEBTORS

	2017 £	2016 £
Rent and service charges	116,135	192,252
Bad debt provision	(42,523)	(21,623)
	<u>73,612</u>	<u>170,628</u>
Sundry debtors	41,543	42,851
Prepayments and accrued income	83,651	145,825
	<u>198,806</u>	<u>359,305</u>
Debtors are all due within one year	<u>198,806</u>	<u>359,305</u>

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NOTES TO THE FINANCIAL STATEMENTS
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17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£	£
Housing Loans less than one year	447,953	434,532
Rent prepaid	77,017	55,485
Trade creditors	294,654	358,518
Other creditors	129,750	681
Accruals and deferred income	294,896	314,565
Deferred Capital Grant less than one year	167,830	168,916
Leaseholders maintenance Provisions	640,008	816,115
Pension deficit agreement less than one year	157,000	157,000
Recycled Capital Grant less than one year	0	25,797
	<u>2,209,108</u>	<u>2,331,609</u>

18. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2017	2016
	£	£
Housing Loans greater than one year	11,516,372	11,976,446
Deferred Capital Grant greater than one year	13,444,037	13,486,665
Pension deficit agreement greater than one year	1,053,000	1,150,000
Recycled Capital Grant greater than one year	0	97,214
	<u>26,013,409</u>	<u>26,710,325</u>

19. DEBT ANALYSIS

	2017	2016
	£	£
Loans repayable by instalments:		
Between one and two years	474,909	434,532
Between two and five years	5,700,772	1,303,598
In five years or more	5,556,919	10,478,634
Less loan issue costs	(216,228)	(240,318)
Total loans	<u>11,516,372</u>	<u>11,976,446</u>

The loans are secured by specific charges on the Association's housing properties.

All loans are repayable by instalments. Interest rates are fixed in accordance with the annual treasury strategy. The fixed element of the loans was 87% (2016: 88%) with a weighted average cost of capital of 4.3% (2016: 4.3%)

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NOTES TO THE FINANCIAL STATEMENTS
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20. PENSION SCHEME

The Association participates in the scheme, a multi-employer scheme which provides benefits to some 500 non-associated employers. The scheme is a defined benefit scheme in the UK. It is not possible for the Association to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore the Association is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial valuation for the scheme was carried out with an effective date of 30 September 2014. This actuarial valuation was certified on 23 November 2015 and showed assets of £3,123m, liabilities of £4,446m and a deficit of £1,323m. To eliminate this funding shortfall, the trustees and the participating employers have agreed that additional contributions will be paid, in combination from all employers.

The scheme's previous valuation was carried out with an effective date of 30 September 2014. This valuation was certified on 23 November 2015 and showed assets of £3,123m, liabilities of £4,466m and a deficit of £1,323m. To eliminate this funding shortfall, the trustees and the participating employers have agreed that additional contributions will be paid, in combination from all employers, to the scheme as follows:

Deficit contributions

Tier 1	£40.6m per annum
From 1 April 2016 to 30 September 2020:	(payable monthly and increasing by 4.7 each year on 1 April)
Tier 2	£28.6m per annum
From 1 April 2016 to 30 September 2023:	(payable monthly and increasing by 4.7% each year on 1 April)
Tier 3	£32.7m per annum
From 1 April 2016 to 30 September 2026:	(payable monthly and increasing by 3.0% each year on 1 April)
Tier 4	£31.7m per annum
From 1 April 2016 to 30 September 2026:	(payable monthly and increasing by 3.0% each year on 1 April)

Note that the scheme's previous valuation was carried out with an effective date of 30 September 2011; this valuation was certified on 17 December 2012 and showed assets of £2,062m, liabilities of £3,097m and a deficit of £1,035m. To eliminate this funding shortfall, payments consisted of the Tier 1, 2 & 3 deficit contributions.

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement, the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

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Present values of provision

		2016 £
Present value of provision	1,210,000	1,307,000

Reconciliation of opening and closing provisions

		2016 £
Provision at start of period	1,307,000	1,025,000
Unwinding of the discount factor (interest expense)	26,000	19,000
Deficit contribution paid	(157,000)	(116,000)
Remeasurements - impact of any change in assumptions	34,000	(8,000)
Remeasurements - amendments to the contribution schedule	-	387,000
Provision at end of period	1,210,000	1,307,000

Income and expenditure impact

		2016 £
Interest expense	26,000	19,000
Remeasurements – impact of any change in assumptions	34,000	(8,000)
Remeasurements – amendments to the contribution schedule	-	387,000
Contributions paid in respect of future service*	21,868	59,161
Costs recognised in income and expenditure account	81,868	457,161

Assumptions

		2016 % per annum
Rate of discount	1.33	2.06

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

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21. CAPITAL COMMITMENTS

	2017	2016
	£	£
Capital expenditure that has been contracted for but has not been provided for in the financial statements	-	-
Capital expenditure that has been authorised by the committee of management but has not yet been contracted for	-	-
	<u>-</u>	<u>-</u>

It is intended that the capital expenditure will be financed by the Association's own funds.

22. RECYCLED CAPITAL GRANT FUND

	2017	2016
	£	£
At the start of the year	123,012	25,879
Additions	11,450	97,133
Disposals	(134,654)	-
Interest	192	-
At the end of the year	<u>0</u>	<u>123,012</u>

23. OBLIGATIONS UNDER OPERATING LEASES

The Obligations under operating leases are repayable in equal instalments. Operating leases relate to office rental and office equipment.

	2017	2016
	£	£
Land and buildings		
In one year or more but less than two years	101,665	101,665
In two years or more but less than 5 years	40,6660	406,660
In five years or more	20,3330	30,4995
Other		
In one year or more but less than two years	3,904	4,427
In two years or more but less than 5 years	15,615	8,630
In five years or more	0	0

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24. DEFERRED CAPITAL GRANT

	2017	2016
	£	£
At start of the year	13,655,580	13,920,658
Grant received in the year	134,654	
Disposals	(11,450)	(97,133)
Released to income in the year	(166,917)	(167,945)
At the end of the year	<u>13,611,867</u>	<u>13,655,580</u>
At the end of the year		
Deferred Capital grant less than one year	167,830	168,916
Deferred Capital grant greater than one year	13,444,037	13,486,664
	<u>13,611,867</u>	<u>13,655,580</u>
Grant received		
Cumulative amortised to income	2,482,469	2,315,291
	<u>16,094,336</u>	<u>15,970,871</u>

25. SHARE CAPITAL

	2017	2016
	£	£
At start of the year	28	31
Issued during the year	2	-
Cancelled during the year	(2)	(3)
At the end of the year	<u>28</u>	<u>28</u>

The par value of each share is £1. The shares do not have a right to any dividend or distribution in a winding-up, and are not redeemable.

26. RELATED PARTIES

The Association is sole corporate Trustee of the Fellowship Houses Trust. The Association manages the Fellowship Houses Trust for a fee, which in the year ended March 2017 amounted to £27,292 (2016: 24,750).

One Board member was a resident of the Association. He retired at the Annual General meeting on 27 September 2016. The tenancy is on normal social housing rental terms and they cannot use their position to their advantage. The total rent and service charges charged to the tenant Board member in 2017 was £2,843 for the period April to September 2017 (2016: £5,502), and amounts outstanding at year end was £0 (2016: £0).

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27. FINANCIAL INSTRUMENTS

The association's financial instruments may be analysed as follows:	2017	2016
	£	£
Financial assets measured at amortised cost:		
Cash and cash equivalents	10,758,477	10,722,271
Debtors	198,806	359,305
Financial liabilities measured at amortised cost:		
Trade creditors	294,654	358,518
Loans within one year	447,953	434,532
Loans greater than one year	11,732,598	11,976,446

