

Society of St James

Report and Financial Statements

Year Ended

31 March 2015

Company Number: 03009700

Charity Number: 1043664

TUESDAY



A4DKYZHT

A16

11/08/2015

#79

COMPANIES HOUSE

Society of St James

Annual report and financial statements for the year ended 31 March 2015

Contents

Page:

1	Reference and administrative information
2	Report of the trustees
10	Report of the independent auditors
12	Income and expenditure account
12	Statement of total recognised surpluses and deficits
13	Balance sheet
14	Cash Flow Statement
15	Notes forming part of the financial statements

Society of St James

Reference and administrative information for the year ended 31 March 2015

Trustees and Directors:	N Cato T Rogerson B Hooper D Blake G Barwick J Lovelock G Ward M Day J Diaper J Dawes D Scott	(Chair) (Treasurer) (resigned 9 October 2014)
Company Secretary:	T Pickup	
Senior Staff	T Pickup A Powell G Malcolm J Smith M Taylor N Butler T Keall	(Chief Executive) (Director of Finance and Central Services) (Operations Director) (resigned 31 December 2014) (Operations Director) (Operations Director) (Operations Director) (resigned 4 January 2015) (Operations Director) (appointed 8 December 2014)
Registered Office:	125 Albert Road South Southampton SO14 3FR	
Registered Company Number:	03009700	
Homes and Communities Agency (formerly TSA) Registration Number:	LH4337	
Registered Charity Number:	1043664	
Auditors:	Nexia Smith & Williamson Imperial House 18-21 Kings Park Road Southampton SO15 2AT	
Solicitors:	Blake Morgan New Kings Court Tollgate Chandler's Ford Hampshire SO53 3LG	
Bankers:	NatWest 12 High Street Southampton SO14 2NX	

Society of St James

Report of the Board of Trustees incorporating a strategic report for the year ended 31 March 2015

Introduction

The Board of Trustees presents its report and financial statements for the year ended 31 March 2015, which should be read in conjunction with the information on page 1. All Trustees are directors of the Charitable Company for the purposes of company law.

Structure, Governance and Management

The Society of St James is a company limited by guarantee and is registered with the Homes and Community Agency (number LH4337). The liability of the members is limited to their guarantee. In the event of the Society being wound up during the period of the membership (or within the year following), members undertake to contribute such amounts as may be required, but not exceeding £10.

The Society is governed by the Board of Trustees, which meets every two months. The Board has created four Committees to take specific interest in the areas of Personnel, Audit and Finance, and Operations. These Committees meet regularly in the year. In line with good practice, the Society also convenes the Directors' Remuneration Committee each February to set the Senior Managers' salaries.

The Society seeks to recruit one or two new Board members each year. The recruitment and induction process includes a tour around some of the Society's projects and an introduction to the Society's work. Potential new Board members also attend a Board Meeting as observers before they formally agree to join the Board.

The senior staff report to the Board and the rest of the staff in turn report to the senior staff.

The Society has adopted the National Housing Federation Code of Governance and has recently reviewed its performance against the 2015 edition. The Society is compliant with the Code, with two exceptions. The first is that the Governing Documents need to be revised to enable the Board to vote for the removal of a Board Member whilst the second is that the current chair has served on the Board for more than 9 years, but the Board has agreed that he should continue to serve until his period as Chair comes to an end.

Objectives and Activities

The Objectives of the Society are:

"The relief of poverty, sickness, hardship and distress in particular but not exclusively of persons who are homeless, unemployed or who have drug, alcohol or other substance addictions by the provision of housing, rehabilitation, care, support, education, training and employment opportunities: in order to improve the individuals' opportunities and quality of life and to contribute to the wider community".

The Society seeks to achieve this through a range of activities, which can be broken down between the following headings:

- Housing
- Support
- Care
- Substance Misuse Services
- Social Enterprise

Housing

The Society provides a range of housing to homeless people in Southampton, Portsmouth and Hampshire, ranging from hostels, through shared housing to one-bedroom flats and a registered residential care home. The Society managed 332 units (bed spaces including the care home) on 31 March 2015 of which 121 were owned and 211 were either managed or leased.

Society of St James

Report of the Board of Trustees incorporating a strategic report (*Continued*) for the year ended 31 March 2015

Objectives and Activities (continued)

Housing (continued)

For its owned property the Society fulfils a full range of property maintenance obligations, from day to day repairs to managing a long term repairs and maintenance programme. As a Registered Provider the Society offers tenancy or licence agreements, collects rents and generally fulfils the role of landlord.

For leased or managed projects, the Society fulfils some of the elements listed above, depending upon the form of agreement with the property owner. These often include maintenance obligations, offering tenancy and licence agreements, and the collection of rent.

The Society has also made one property available to another Registered Provider, which manages the scheme on behalf of the Society on a day to day basis, under a three year management agreement.

Support

The Society seeks to provide support beyond the services normally provided by a landlord to those living in its accommodation. This activity is funded through the Supporting People ("SP") programme, under which the Society received £1.96 million during the year, enabling the employment of support staff in most residential projects. The support provided enables previously homeless people, people with mental health issues, young homeless people and people with substance misuse problems to maintain their housing and to develop skills to live independently in the community.

The SP programme also funds a number of non-residential services, such as the Substance Misuse Support Service (SMSS), Jigsaw and the Handyperson service.

The Supporting People programme remains a major element of the Society's work, delivering services under contractual arrangements and being subject to a wide range of inspection, regulation and monitoring. In addition, as existing contracts expire, services are put out to competitive tender, so that a range of organisations have the opportunity to competitively bid to provide the service. These contractual arrangements are a crucial factor in forming a picture of the environment in which the Society operates.

Care

The Society manages two schemes which provide care, namely St James Care, a registered care home, and the Home Support service, a registered domiciliary care service. The Society purchased the care home in November 2006 in order to create a specialist care service for people with backgrounds of homelessness, substance misuse and mental health issues. This therefore provides an appropriate environment for older residents who could no longer stay in their existing accommodation because of their increasing care needs.

The Home Support service works with about 40 - 50 clients, meeting their care needs and enabling them to maintain their accommodation in the community. Some are previous residents of the Society and others are referred by Social Services because they require an intensive or specific package of care. This service was subject to tendering during the year, in which the Society was unsuccessful. The service was transferred to another provider after the end of the financial year (1 June 2015).

Substance Misuse Services

The Society provides a number of non-residential services for people with substance misuse issues. These services are provided in Southampton, Portsmouth and Hampshire. Each area has a different structure for substance misuse services and the Society provides a different service in each area.

These services work with over 250 people a week, providing a range of interventions to people with issues with alcohol and drugs. Each project is commissioned through competitive tendering and performance is carefully monitored by the commissioning body.

Society of St James

Report of the Board of Trustees incorporating a strategic report (*Continued*) for the year ended 31 March 2015

Objectives and Activities (continued)

Social Enterprise

The Society manages Jamie's Computers which operates as a Social Enterprise. The aim of Jamie's is to generate income for the Society and to create training and learning opportunities as well as work placements for vulnerable adults in the city of Southampton.

Strategic Report

Achievements and performance

The last 12 months have been a challenging period for the Society. The Society's turnover has been higher than before, running a wide range of services across the area. The Society has also acquired a new property and taken on leases and management agreements for other properties. However, this has been offset by a number of challenges. These have included various services coming to an end, with a number of services being put out to tender or restructured.

In Southampton, the substance misuse services were restructured during the year as the Local Authority undertook a major tendering exercise. Until 1 December 2014 the Society managed the "Bridge" and Southampton Drug Intervention Programme (DIP) services funded by the Southampton Drug Action Team (DAT) and the SMSS team funded by Supporting People. The Society was able to win one element of the new service, which began on 1 December 2014.

However, the Society is now providing more accommodation than before, and supporting increased numbers of people in leased and managed accommodation, in Southampton, Portsmouth and Hampshire. The Society purchased a new property in Portsmouth during the year, to provide accommodation for people with substance misuse issues and took on the management of various other schemes from other housing providers.

Financial Review

Financial Position and Management Policies

The year ended 31 March 2015 has again seen a relatively small operating surplus of £95,195 (2014 – £58,711). However the Society remains in a sound financial position at 31 March 2015 and finished the year with a surplus for the year of £82,825 (2014 – £52,284).

There has been a decrease in cash during the year to £304,935 (2014 - £438,923) largely because of significant expenditure on fixed assets. The Society purchased a property in Portsmouth on 17 July 2014 with some of the above cash and an additional mortgage from NatWest bank for 70% of the purchase price. The Society has no plans to alter the terms of its other mortgage arrangements with NatWest and the Nationwide Building Society.

The Society has formal financial procedures in place that have been ratified by the Audit and Finance Committee and are widely known and followed by staff. The systems that are in use are considered to be sufficient for purpose.

All expenditure has to be authorised by project staff and management with final payments approved by two people in the finance team, one of whom is the Financial Accounts Manager or Director of Finance & Central Services. For items of major expenditure, quotes are requested to ensure the Society receives the best possible value for money. Cash is held in a variety of accounts and investments in order both to accrue interest and to spread risks in areas such as investment return and fraud. Very few transactions are in cash, with payments to staff and suppliers made predominantly by bank transfer or, less frequently, by cheque. The Society follows a policy of ensuring that there is always sufficient cash in its accounts to ensure that relevant debts can be paid in full and on time.

Society of St James

Report of the Board of Trustees incorporating a strategic report (*Continued*) for the year ended 31 March 2015

Strategic Report (continued)

Reserves

It has been an aim for a number of years to build up free reserves to a level that can be shown to provide security for current and future operations. Due to a change in accounting policy that has removed restricted and designated reserves and placed them either in general reserves or in creditors if there is potential for repayment or an obligation to apply specific expenditure, the free reserves figures have been significantly amended for the prior year so they can be compared properly to the current year. Free reserves decreased in the year to £531,514 at 31 March 2015 (2014 restated - £612,389); representing slightly less than 1 month of expenditure. Free reserves are calculated by subtracting the value of fixed assets from total reserves before adding back long term liabilities and the next year's mortgage liability. The Trustees consider that the optimum level of free reserves (given the nature of the Society's operations and the environment in which it operates) is equal to approximately 3 months expenditure and continue to aim for this level of free reserves.

The Society had £1,935,171 of total reserves at 31 March 2015 (2014 restated - £1,831,115), of which £1,786,264 (92%) (2014 restated - £1,703,439, 93%) were revenue reserves. There has been an increase in the level of the revaluation reserve (which holds the difference in value between the purchase price and current price of the Society's investments) which was £148,907 at 31 March 2015 (2014 - £127,676) due to the increase in values of the investments. The Society has also benefited from the distributions from its investment in the Charities Property Fund.

Sources of Funding and Investments

The percentage of the Society's income that it receives through Supporting People ("SP") contracts has fallen slightly during the year to around 24% (2014 - 26%) of total income. During the year the Society had to negotiate reductions in these grant levels from Southampton City Council due to their need to make additional savings to their budget because of central government cuts. The largest source of income for the Society remains rental and service charge income from the properties it owns or manages. This has remained at approximately 33% of total income in the year to 31 March 2015, despite actual income in this area rising slightly again. It is usually collected directly from the relevant Local Authority in the form of Housing Benefit payments.

Income from substance misuse support services continues to be a significant source of income for the Society with income in this area increasing by around 3% to £2,344,219 (2014 - £2,268,187) and representing 29% of the Society's total income (2014 - 30%). Donations and awards from philanthropic trusts and the public remain a key source of funding with the Society benefitting from £223,828 in the year to 31 March 2015 (2014 - £131,543).

The Society has a policy of diversifying its investments in order to spread risk and to maintain suitable cash balances for the day to day running of its operations. However, only minimal levels of cash are kept in current accounts with larger receipts being transferred into higher interest accounts with instant access facilities. During the year the Society opened a new instant access deposit account so that deposits can earn a higher level of gross interest. The Society has chosen particular investment funds that are specifically designed for charities with the aim of spreading risk and investing in a largely ethical manner.

The funds in which the Society held investments at the end of the year were Charifund, the Charities Property Fund and Chariguard. Charifund and Chariguard are equity based investments managed by M&G Securities and RCM (UK) Ltd respectively. The Charities Property fund (CPF) is a property based investment aimed at both capital growth in the value of properties owned by the fund and income in the form of rents charged to tenants in these properties, the fund is managed by Cordea Savills. All funds have increased in value during the year which is reflected by the increase in the revaluation reserve.

Society of St James

Report of the Board of Trustees incorporating a strategic report (*Continued*) for the year ended 31 March 2015

Strategic Report (continued)

Plans for the Future

The level of opportunities for future development has reduced in line with reductions in government spending, however the Society has a range of plans for the future.

The Society has identified a number of priorities for the coming year, including purchasing another property and further developing the income from Jamie's Computers. The Society also sought to achieve Investors in People accreditation Gold Standard (this was achieved after the end of the year on 5 June 2015).

The Society is also implementing a new computer rent, support planning and maintenance system which will provide better efficiency for staff in the day to day running of these activities, and improve the management information available to the Society.

In spite of financial pressures, the Society is in discussions with various statutory agencies about how the skills and expertise held by the Society could be used to help deliver services more efficiently for local authorities and their partners.

Whilst at an early stage, these discussions could develop into new opportunities for the Society.

Principal Risks and Uncertainties

The Society faces a wide range of risks and uncertainties, many of which are collated annually in the Society's Business Risk Management Plan. In the context of this report, the principal risks are considered to be financial.

The majority of the Society's income comes from government, normally through local authorities or similar bodies, but also through the welfare benefits system. Government policy to continue to reduce spending at both a local and national level continues to be a major risk to the Society. However, each authority responds differently to this situation, so the impact can vary across different services and different localities. Local authorities are increasingly using the process of re-tendering to reduce cost, often by merging small projects into a single larger contract, tendered at significant reduction when compared to the previous contracts.

For services which the Society is providing, this result can range from either the loss of a contract, to winning "a larger slice of the smaller cake". If large contracts are lost, staff are likely to have their employment transferred to another provider under TUPE arrangements, which minimises the financial risk to the Society.

With contracts running from 3-5 years, the Society has some contracts due to expire every year over the next few years, if the contracts are allowed to run to term. The uncertainty is therefore evenly spread into the future.

The Society's three year finance plan, which has been approved by the Board, has various scenarios, but the most likely shows a reduction in income over the next three years as statutory funding is reduced by 20-25% over the next 3-4 years.

Since the above plan was written, and after the year end, the government has announced changes to the formula that governs rent increases for Social Housing. The effect of this as announced will be to reduce the level of core rental income the Society receives over the 4 years from April 2016 by 1% each year. This loss of future income will affect the Society's plans and it is likely that action will be required to reduce costs during this period. There are forecast to be little or no other impacts on the rest of the Society's finances from this or any of the other measures recently announced by the government.

Society of St James

Report of the Board of Trustees incorporating a strategic report (*Continued*) for the year ended 31 March 2015

Value for Money Statement

The Society is committed to delivering effective and efficient services to service users and embraces the Value for Money methodology as required by the Homes and Community Agency. The Society agreed the Value for Money Policy in July 2013, which includes the following Statement of Intent.

"The Society of St James seeks to ensure that all financial and other resources are used to achieve the greatest benefits for the Society, in working towards the furtherance of the aims of the organisation, as described in the governing documents"

The approach adopted for VFM assessment by the Society is designed to reflect the goals and circumstances for the organisation.

The Society is a highly diversified organisation, with only 33% of its income coming from rent and service charges (net rent and service charges receivable £2,712,158 as a proportion of £8,068,930 turnover).

The Society has therefore a wide range of indicators, many agreed with commissioners, to evaluate the effectiveness of the organisation, in addition to the housing based KPI's, as used by Registered Providers.

The Society is committed to providing good quality services in an efficient manner and to use surpluses achieved to provide deliver better services in the future.

The Society has therefore completed an annual self-assessment, based on key areas of activity in the year, which reviewed

- head office procurement,
- the purchase of a property in Portsmouth and
- Social enterprise activity

Head Office Procurement

The Society ensures value for money is achieved through its' procurement activity by ensuring requirements are properly considered and a number of appropriate providers are benchmarked against one another. Cost and quality are assessed through the process and contracts are awarded on the basis of the most economically advantageous proposal. The organisation reviews areas periodically to ensure the organisation is receiving the most suitable service at the best price. In the last year we have looked in particular at two substantial areas of spend from our central costs; telephony and utilities supply.

Telephony: The Society went through two tendering processes in order to secure the best value in contracts for the organisations landline and mobile telephony. In this area, the organisation had an estimated expenditure of more than £110,000 specifically for line/connection rental and use. This process has reduced the cost by around 50% and whilst this is a large cost saving, we also anticipate an improved quality of service in these areas going forward. This clearly achieves value for money outcomes.

Utilities Supply: The Society has continued work to align contract end dates with energy suppliers. By doing this it increases the buying power of the organisation and allows for us to secure better prices on energy rates. This is then reflected in the service charges to our residents. This piece of work is still underway, with the alignment of contract dates expected to be achieved by July 2015, enabling savings to be achieved in the coming year.

On a smaller scale the installation of LED lights within Head Office has been successful, with savings of £550 PA achieved with a cost for initial expenditure of £1,062.71, generating a positive return in under two years (the estimated cost of running the lighting per year is £115, compared to fluorescent lighting at £665).

Society of St James

Report of the Board of Trustees incorporating a strategic report (*Continued*) for the year ended 31 March 2015

Value for Money Statement (continued)

Purchase of property in Portsmouth

The Society purchased a property in Portsmouth during the year, in order to provide housing for people with substance misuse issues. This house was modelled on the two existing Integrated Offender management (IOM) houses owned and managed by the Society.

The property costs were

Purchase cost	£257,000	(of which £180,000 was a mortgage)
Legal fees	£1,041	
Refurbishment	£30,976	
fire alarm system	£15,098	
Total	£304,115	

This development was funded by a mix of cash deposit and mortgage and represents good value for money as:

- The Society is able to acquire a long term asset by investing £125,144 of its own funds and covering the cost of the mortgage (£180,000) from income from residents.
- The capital purchase also released £60,000 of revenue funding to fund the support staff in the project for 2 years
- The scheme has provided 6 bed spaces for people with substance misuse in Portsmouth.
- The development responded to the strategic needs of stakeholders in Portsmouth, who had identified the need and were offering the revenue funding.

Social Enterprise activity

The Society established Jamie's Computers in 2002 as a social enterprise with the aims of creating volunteering, training and employment opportunities and creating income for the Society. During the year the turnover at Jamie's increased to £337,068 (2014: £302,391) with a surplus being generated of £40,075 (2014: £37,913). In addition a team of volunteers (about 20 at any one time), people on work placements, community orders were provided with meaningful activity, learning skills and achieving other personal development targets. This therefore represents a high level of value for money for the Society, making a significant financial contribution to the Society, as well as achieving social aims.

In conclusion, the Board continues to be satisfied that the Society is delivering good value for money. The Society is committed to working within the Value for Money Standard in order to provide best value for its clients and service users. In particular, the Board will continue to carefully evaluate larger plans for expenditure, in line with the principles discussed, to ensure that the VFM approach is followed and that optimum outcomes are achieved.

Society of St James

Report of the Board of Trustees incorporating a strategic report (*Continued*) for the year ended 31 March 2015

Statement of the Board of Trustees' responsibilities

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

Company law and social housing legislation require the Board members to prepare financial statements for each financial year. Under that law the Board members 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 society and of the surplus or deficit of the society for that period.

In preparing these financial statements, the Board members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice: Accounting by Registered Social Housing Providers (Update 2010) 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 society will continue in business.

The Board members are responsible for keeping adequate accounting records that are sufficient to show and explain the society's transactions and disclose with reasonable accuracy at any time the financial position of the society and enable them to ensure that the financial statements comply with the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2012. They are also responsible for safeguarding the assets of the society and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board is responsible for ensuring that the Report of the Board is prepared in accordance with the Statement of Recommended Practice: Accounting by Registered Social Housing Providers (Update 2010).

Financial statements are published on the society's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the society's website is the responsibility of the Board Members. The Board Members' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Auditors

All of the current Trustees have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The Trustees are not aware of any relevant audit information of which the auditors are unaware.

During the year the Society's Auditors, BDO LLP, resigned and Nexia Smith & Williamson were appointed in their place.

This report was approved by the Board of Trustees on 28 July 2015
and is signed on its behalf by:



N Cato, Trustee

Society of St James

Report of the independent auditors for the year ended 31 March 2015

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOCIETY OF ST JAMES

We have audited the financial statements of the Society of St James for the year ended 31 March 2015 which comprise the Income and Expenditure account, the Balance Sheet, the Statement of Total Recognised Surpluses and Deficits, the Cash Flow Statement and the related notes 1 to 25. 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 Society's members, as a body, in accordance with the Housing and Regeneration Act 2008 and Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Society'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 Society and the Society'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 auditors

As explained more fully in the Statement of the Board of Trustees' responsibilities set out on page 9, the Board members 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 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 (FRC'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 FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Society's affairs as at 31 March 2015 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing April 2012.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Board of Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements.

Society of St James

Report of the independent auditors (*Continued*) for the year ended 31 March 2015

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 and the Housing and Regeneration Act 2008 require us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained;
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Board member and or directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Nexia Smith & Williamson

Julie Mutton
Senior Statutory Auditor, for and on behalf of
Nexia Smith & Williamson
Statutory Auditor
Chartered Accountants
Imperial House
18-21 Kings Park Road
Southampton
SO15 2AT

Date: 6/8/15

Society of St James

Income and expenditure account for the year ended 31 March 2015

	Notes	2015 £	2014 £
Turnover	3	8,068,930	7,594,098
Operating costs	3	(7,973,735)	(7,535,387)
Operating surplus	2,3	95,195	58,711
Interest receivable	6	4,352	6,472
Interest payable	7	(16,722)	(12,899)
Surplus on ordinary activities before taxation		82,825	52,284
Tax on surplus on ordinary activities	8	-	-
Surplus for the year	18	82,825	52,284

All the activities of the charitable company are classed as continuing.

Statement of total recognised surpluses and deficits for the year ended 31 March 2015

	Notes	2015 £	2014 £
Surplus for the year		82,825	52,284
Unrealised surplus on investments	17	21,231	26,716
Total recognised surpluses for the year		104,056	79,000
Prior year adjustment	18	(39,185)	
Total surpluses and deficits since last financial statements		64,871	

The notes on pages 15 to 25 form part of these financial statements.

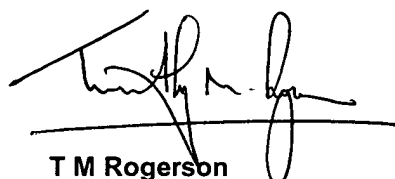
Society of St James

Balance sheet at 31 March 2015

Company Registration Number: 03009700

	Notes	2015 £	Restated 2014 £
Fixed assets			
Housing properties at cost less depreciation	9	3,613,744	3,964,618
Less: Social Housing Grants	9	(1,352,848)	(1,873,604)
Less: Other Grants	9	(397,466)	(397,466)
Net book value of housing properties		1,863,430	1,693,548
Intangible assets	10	78,000	84,500
Other fixed assets	11	816,404	172,731
		2,757,834	1,950,779
Investments	12	306,601	285,370
		3,064,435	2,236,149
Current assets			
Debtors	13	766,139	762,174
Cash at bank and in hand		304,935	438,923
		1,071,074	1,201,097
Creditors: amounts falling due within one year	14	(888,734)	(909,673)
Net current assets		182,340	291,424
Total assets less current liabilities		3,246,775	2,527,573
Creditors: amounts falling due after more than one year	15	1,311,604	696,458
Capital and reserves			
Revaluation reserve	17	148,907	127,676
Revenue reserves	18	1,786,264	1,703,439
		1,935,171	1,831,115
		3,246,775	2,527,573

The financial statements on pages 12 to 25 were approved and authorised for issue by the Board of Trustees on 28 July 2015 and are signed on its behalf by:-



T M Rogerson
Trustee



N Cato
Trustee

The notes on pages 15 to 25 form part of these financial statements.

Society of St James

Cash flow statement for the year ended 31 March 2015

	Notes	£	2015 £	£	2014 £
Net cash flow from operating activities	23		208,972		180,030
Returns on investments and servicing of finance					
Interest Received		4,352		6,472	
Interest paid: bank loans		(16,722)		(12,899)	
Net cash outflow from returns on investment and servicing of finance			(12,370)		(6,427)
Capital Expenditure					
Payments to acquire tangible fixed assets		(469,858)		(126,242)	
Fixed deposit		-		(81,250)	
Receipts from the sale of tangible fixed assets		-		7,637	
Net cash flow from capital expenditure and financial investment			(469,858)		(199,855)
Net cash outflow before use of financing			(273,256)		(26,252)
Financing					
New loans		180,000		-	
Loans repaid		(40,732)		(35,129)	
Net cash inflow/(outflow) from financing			139,268		(35,129)
Decrease in cash	24		(133,988)		(61,381)

Society of St James

Notes forming part of the financial statements for the year ended 31 March 2015

1 Accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards and the Statement of Recommended Practice "Accounting by registered social housing providers (Update 2010)" (the SORP) and comply with the Accounting Direction for Private Registered Providers of Social Housing 2012. A summary of the more important accounting policies, which have been applied consistently (except where stated) is set out below:-

a) *Accounting convention*

These financial statements are prepared under the historical cost convention (modified for the revaluation of certain investments).

b) *Consolidation of accounts*

As set out in note 12, the Society holds 100% of the share capital of Jamies Computers Limited. Consolidated accounts have not been prepared on the basis that the Trustees consider Jamies Computers Limited to be immaterial to the Society's accounts.

c) *Turnover*

The turnover shown in the income and expenditure account represents rent and service charge income receivable in respect of the year together with revenue grants in respect of the year, amortisation of capital grants for non housing fixed assets allocated over the useful economic life and donations.

d) *Goodwill*

Positive goodwill arising from the purchase in November 2006 of Avondale Residential Care Home (representing the excess of the purchase price of the business over the valuation of the assets acquired) has been capitalised and, subject to impairment reviews as required, will be amortised by equal charges to the income and expenditure account, over the period from which economic benefit is derived, which is considered to be 20 years.

e) *Freehold housing property*

Freehold housing properties are stated at cost less any capital grants received in respect of the property. Cost includes the cost of acquiring land and buildings, development costs, and expenditure incurred in respect of improvements. In accordance with the SORP, component accounting has been adopted from 1 April 2011. The components of a property have therefore been identified and when a component is replaced the cost is capitalised as a component of the property. Other repair work is charged to the income and expenditure account.

Freehold land is not depreciated. Depreciation is charged so as to write down the cost (net of social housing grant) of freehold properties other than freehold land to their estimated residual value on a straight line basis over their estimated useful economic lives at the following rates:

Component	Years	Component	Years	Component	Years
Structure	50	Boiler and Heating System	10	Bathrooms*	10 or 20
Roof	30	Windows and Doors^	5 or 20	Sub structure	10
Electrical Wiring	20	Solar Panels	12	Kitchens*	5 or 10

^ UPVC windows and doors: 20 years; wooden windows: 5 years

* Bathrooms and Kitchens are depreciated at the shorter rate where there are shared facilities

Social Housing Grant and other grants are deducted from the cost of housing properties. This departure from the Companies Act has been made in order to comply with the SORP and with the overriding requirement of the Direction 2012 and the Companies Act 2006 for financial statements to be produced so as to give a true and fair view.

Society of St James

Notes forming part of the financial statements for the year ended 31 March 2015

1 Accounting policies (continued)

f) *Leasehold property and leasehold improvements*

Leasehold housing property and leasehold improvements are accounted for as Freehold housing property other than depreciation which is charged over the life of the lease, or using the rates in the table above, whichever is the lower.

g) *Other freehold property*

Other freehold properties are stated at cost. Cost includes the cost of acquiring land and buildings, development costs, and expenditure incurred in respect of improvements. Freehold land is not depreciated. Depreciation is charged so as to write down the cost of other freehold properties other than freehold land to their estimated residual value on a straight line basis over their estimated useful economic lives of 50 years.

h) *Other fixed assets*

Expenditure on other tangible fixed assets is capitalised only when it has a life of more than one year and has a value of more than £1,000, or where the expenditure forms part of the overall setup costs of a new project (including professional fees). The cost of other items is written off as incurred. Depreciation is provided on these tangible fixed assets at rates calculated to write off cost over their expected useful lives, using the straight line method at a rate of between 25% to 50% per annum.

i) *Capital Grants – Housing Property*

Capital Grants, received as Social Housing Grants and other public grants, are recognised when appropriate, in accordance with the terms of the grant. These grants are repayable under certain circumstances, primarily following the sale of a property. Where development costs have been financed wholly or partly by a Social Housing Grant, the cost of these developments has been reduced by the amount of the grant received.

j) *Capital Grants – Other fixed assets*

Capital grants received for other fixed assets are held as creditors and recognised on a straight line basis over the useful economic life of the asset for which they have been used to acquire

k) *Revenue Grants*

Where grants are received for revenue expenditure, they are credited to the Income and Expenditure account and recognised within the period to which they relate.

l) *Investments*

Investments are valued at current market value.

m) *Operating leases*

Annual rentals under operating leases are charged to the profit and loss account on a straight-line basis over the term of the lease.

n) *Pension costs*

Payments made to defined contribution pension schemes are charged to the income and expenditure account in the period for which they are payable.

n) *Provisions*

The use of provisions is restricted to situations where a liability exists but where there is some uncertainty as to the timing or amount of the expenditure or the identity of the creditor.

o) *Supporting people*

Income received under the Supporting People programme is recognised in the period to which it relates. Expenditure is recognised on the accruals basis.

Society of St James

Notes forming part of the financial statements for the year ended 31 March 2015 (Continued)

1 Accounting policies (continued)

p) *Value added tax*

The Society is VAT registered and is able to recover all VAT incurred at Jamie's Computers and part of the VAT on Head Office costs. All other VAT incurred is included within the category of expenditure to which it relates.

2 Operating surplus

	2015 £	2014 £
<i>Operating surplus is stated after charging:</i>		
Depreciation		
- housing properties	44,121	55,103
- other fixed assets	132,938	90,119
Amortisation of goodwill	6,500	6,500
Auditors' remuneration	10,300	11,380
Rent losses from bad debts	41,577	44,403
- Service Charges	20,395	38,887
Operating lease costs	436,060	394,897

3 Income and Expenditure from Social Housing Activities

	2015 £	2014 £
Income		
Rent receivable net of identifiable service charges and voids	1,724,324	1,539,617
Service charges receivable	987,834	973,463
Revenue grants and donations	5,012,498	4,771,577
Turnover from social housing activities	7,724,656	7,284,657
Operating costs on social housing activities	7,660,229	7,267,102
Operating surplus on social housing activities	64,427	17,555
Void losses	212,528	139,878

4 Staff costs

	2015 £	2014 £
Wages and salaries	4,847,307	4,646,483
Social security costs	399,018	390,901
Other pension costs	222,894	137,610
	5,469,219	5,174,994

All company pension scheme contributions are made to a pension scheme operated on the company's behalf by the Pension Trust. During the year the Society introduced a salary sacrifice pension scheme. The effect is that the employer pension contributions increase whilst individual salaries reduce.

Society of St James

Notes forming part of the financial statements for the year ended 31 March 2015 (Continued)

4 Staff costs (continued)

The average number of staff directly employed by the company during the year (expressed in full time equivalents) was:

	2015 Number	2014 Number
Housing and support	138	118
Substance misuse	44	59
Social enterprise	7	8
Finance	6	6
Administration	13	11
	208	202

5 Senior Management Team's emoluments

	2015 £	2014 £
The aggregate emoluments of the Senior Management Team, including the Chief Executive, were:		
Wages and salaries	281,237	294,933
Company contributions to money purchase pension schemes	34,259	22,075
	315,496	317,008

For the year ended 31 March 2015 the number of employees whose annual emoluments were £60,000 or more were:

	2015	2014
£70,000 to £80,000	1	1

No member of the Board of Trustees received any remuneration in either the current or comparative years.

6 Interest receivable and similar income

	2015 £	2014 £
Interest receivable and investment income	4,353	6,472

7 Interest payable

	2015 £	2014 £
Mortgage interest	16,722	12,899

Society of St James

Notes forming part of the financial statements for the year ended 31 March 2015 (*Continued*)

8 Tax on surplus on ordinary activities

Society of St James is a registered charity and, as such, is exempt from liability to taxation on income and capital gains derived from its charitable activities.

9 Housing property

	Leasehold land and property £	Freehold land and property £	Total £
<i>Cost</i>			
At 1 April 2014	637,191	3,607,325	4,244,516
Additions: new properties	-	304,115	304,115
works to existing properties	1,111	30,988	32,099
Transfers: to other fixed assets	-	(671,752)	(671,752)
	<hr/>	<hr/>	<hr/>
At 31 March 2015	638,302	3,270,676	3,908,978
	<hr/>	<hr/>	<hr/>
<i>Other public grants received</i>			
At 1 April 2014 and 31 March 2015	-	(397,466)	(397,466)
	<hr/>	<hr/>	<hr/>
<i>Social Housing Grant (SHG) received</i>			
At 1 April 2014 and 31 March 2015	(425,289)	(1,448,315)	(1,873,604)
Transfers: to other creditors	-	520,756	520,756
	<hr/>	<hr/>	<hr/>
At 31 March 2015	(425,289)	(927,559)	(1,352,848)
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At 1 April 2014	37,144	242,754	279,898
Charge for the year	6,546	37,575	44,121
Transfers: to other fixed asset depreciation	-	(28,785)	(28,785)
	<hr/>	<hr/>	<hr/>
At 31 March 2015	43,690	251,544	295,234
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 March 2015	169,323	1,694,107	1,863,430
	<hr/>	<hr/>	<hr/>
At 1 April 2014	174,758	1,518,790	1,693,548
	<hr/>	<hr/>	<hr/>

Included in freehold land and property is freehold land amounting to £674,707 (2014: £571,907), which is not depreciated. Included in leasehold land and property is leasehold land amounting to £68,713 (2014: £68,713), which is not depreciated. No SHG was receivable at the year end.

Included in freehold land and property is a property held for non-social housing lettings. The registered care home has a net book value of £419,824 (being a cost of £518,163 less other public grants received of £45,900 and depreciation of £52,439).

The transfers to other fixed assets / other creditors are in respect of a property which no longer functions as a housing property.

Society of St James

Notes forming part of the financial statements
for the year ended 31 March 2015 (*Continued*)

10 Intangible assets	Goodwill £
Cost at 1 April 2014 and 31 March 2015	130,000
<i>Amortisation</i>	
At 1 April 2014	45,500
Charge for the year	6,500
At 31 March 2015	52,000
<i>Net Book Value</i>	
At 31 March 2015	78,000
At 1 April 2014	84,500

11 Other fixed assets

	Freehold Property	Leasehold improvements	Motor vehicles	Office Equipment	Housing Equipment	Total
	£	£	£	£	£	£
<i>Cost</i>						
At 1 April 2014	-	226,137	50,545	190,569	119,905	587,156
Additions	-	91,852	-	1,189	40,603	133,644
Transfers	671,752	-	-	-	-	671,752
At 31 March 2015	671,752	317,989	50,545	191,758	160,508	1,392,552
<i>Depreciation</i>						
At 1 April 2014	-	181,590	28,399	118,642	85,794	414,425
Charge for the year	23,860	29,212	12,840	45,055	21,971	132,938
Transfers	28,785	-	-	-	-	28,785
At 31 March 2015	52,645	210,802	41,239	163,697	107,765	576,148
<i>Net book value</i>						
At 31 March 2015	619,107	107,187	9,306	28,061	52,743	816,404
At 1 April 2014	642,967	44,547	22,146	71,927	34,111	172,731

Society of St James

Notes forming part of the financial statements for the year ended 31 March 2015 (Continued)

12 Investments

	Listed £	Unlisted £	2015 £	2014 £
<i>Cost or valuation</i>				
Valuation at 1 April 2014	275,370	10,000	285,370	258,654
Unrealised gain in year	21,231	-	21,231	26,716
	<hr/>	<hr/>	<hr/>	<hr/>
Cost or Valuation at 31 March 2015	296,601	10,000	306,601	285,370
	<hr/>	<hr/>	<hr/>	<hr/>
Historic cost	147,694	10,000	157,694	147,794
	<hr/>	<hr/>	<hr/>	<hr/>

All listed fixed asset investments are stated at market value.

The unlisted investment is held at cost and represents 100% of the share capital of Jamies Computers Limited.

13 Debtors

	2015 £	2014 £
Trade debtors	610,306	550,226
Grants receivable	35,923	34,300
Other debtors	2,775	83,411
Prepayments and accrued income	117,135	94,237
	<hr/>	<hr/>
	766,139	762,174
	<hr/>	<hr/>

Trade debtors include rent arrears of £206,860 consisting of £110,570 core rent and £96,290 service charge (2014: £186,805 - £100,688 core rent, £86,117 service charge) net of provisions for bad and doubtful debts of £131,861 consisting of £81,146 core rent and £50,715 service charge (2014: £166,041 - £89,496 core rent, £76,545 service charge).

All amounts shown under debtors fall due for payment within one year.

14 Creditors: Amounts falling due within one year

	2015 £	Restated 2014 £
Secured mortgage	42,572	35,595
Trade creditors	291,803	284,019
Grants in advance	149,066	201,204
Taxation and social security	96,809	114,216
Other creditors	255,555	221,914
Accruals and deferred income	52,929	52,725
	<hr/>	<hr/>
	888,734	909,673
	<hr/>	<hr/>

Prior year figures are restated due to a change in reserves policy (see note 18)

Society of St James

Notes forming part of the financial statements for the year ended 31 March 2015 (*Continued*)

15 Creditors: Amounts falling due after more than one year	2015 £	2014 £
Deferred income (transfer from Social Housing Grant net of amortisation)	482,855	-
Secured mortgages	828,749	696,458
	<hr/> 1,311,604	<hr/> 696,458

In 2003 and 2006, the Society obtained mortgages of £400,000 and £350,000 respectively, both of which are repayable at a variable rate of interest equal to the 6 month LIBOR rate +0.65%. In 2012, the Society obtained a mortgage of £186,900 and in 2014 a mortgage of £180,000; both are repayable at a variable rate of interest equal to the Bank of England Base Rate +3.0%. The mortgages are secured by a fixed charge over 6 of the Society's properties. The mortgages are repayable as follows:

	2015 £	2014 £
In less than one year	42,572	35,596
In more than one year but less than two years	43,421	36,179
In more than two years but less than five years	141,070	114,075
In more than five years	644,258	546,204
	<hr/> 871,321	<hr/> 732,054

The mortgage of £400,000 is repayable over 25 years from 25 February 2003.
The mortgage of £350,000 is repayable over 30 years from 13 November 2006.
The mortgage of £186,900 is repayable over 20 years from 10 August 2012.
The mortgage of £180,000 is repayable over 20 years from 17 July 2014.

16 Commitments

Capital commitments

At 31 March 2015 and 2014 the company had no capital commitments.

17 Revaluation reserve	2015 £
Balance brought forward	127,676
Revaluation of investments – unrealised gain	21,231
	<hr/>
Balance carried forward	148,907

Society of St James

Notes forming part of the financial statements for the year ended 31 March 2015 (*Continued*)

18 Revenue reserves	2015
	£
Balance brought forward (restated)	1,703,439
Surplus for the year	82,825
	<hr/>
Balance carried forward	1,786,264
	<hr/>

Revenue reserves brought forward have been restated due to a change in accounting policy that has removed restricted and designated reserves and placed them either in general reserves or in creditors if there is potential for repayment or an obligation to apply specific expenditure.

19 Housing stock

The housing stock of the charitable company comprised the following types of property.

	2015	2014
Leased supported units	211	190
Owned supported units	121	115
	<hr/>	<hr/>

20 Legislative provisions

Society of St James is a company limited by guarantee and is registered with the Charity Commission and the Homes and Communities Agency.

21 Commitments under operating leases

The company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings	
	2015	2014
	£	£
Operating leases which expire:		
Within one year	93,171	54,600
In two to five years	283,706	215,096
After five years	84,143	104,083
	<hr/>	<hr/>

Society of St James

Notes forming part of the financial statements for the year ended 31 March 2015 (*Continued*)

22 Pension Scheme

The Society of St James participates in a variety of pension schemes administered by the Pensions Trust (the Trustee) and pays contributions at a variety of rates. For members who joined any of the schemes prior to 1 July 2012 the Society paid contributions at the rate of 9% of salary and members paid contributions at the rate of 5% of salary during the accounting period. For members who have transferred into the Society's employment due to TUPE regulations, or who were employed before 1 July 2012, and opted to join one of the pension schemes prior to 30 November 2012, the Society paid contributions at the rate of 6% of salary and members paid contributions at the rate of 5% of salary during the accounting period. For members who joined the Society on or after 1 July 2012, or who opted to join the pension after 30 September 2012, or who were auto enrolled, both the Society and members paid contributions at the rate of 1% of salary during the accounting period.

All schemes, apart from the Growth Plan (the Plan), are defined contribution schemes. The Plan is funded, is not contracted out of the state scheme, and is a multi-employer pension plan.

Contributions paid into the Plan up to and including September 2001 were converted to defined amounts of pension payable from Normal Retirement Date. From October 2001 contributions were invested in personal funds which have a capital guarantee and which are converted to pension on retirement, either within the Plan or by the purchase of an annuity.

It is not possible in the normal course of events to identify on a reasonable and consistent basis the share of underlying assets and liabilities belonging to individual participating employers. The Plan is a multi-employer scheme, where the assets are co-mingled for investment purposes, and benefits are paid out of the Plan's total assets. Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS17 represents the employer contribution payable.

If an actuarial valuation reveals a shortfall of assets compared to liabilities, the Trustee must prepare a recovery plan setting out the steps to be taken to make up the shortfall. Due to the valuation to 31 September 2011 revealing a shortfall the Trustee altered its investment strategy and demanded additional employer contributions from April 2013 for a period of 10 years; the annual amount the Society had to pay from this date was £16,828 plus inflationary increases on future payments of 3% each year. The additional employer contributions for the year ending 31 March 2015 amounted to £17,333, in the year from 1 April 2015 a liability of £17,853 will be payable.

If an employer withdraws from a multi-employer defined benefit pension scheme which is in deficit, the employer is required by law to pay its share of the deficit, calculated on a statutory basis (known as the buy-out basis). A withdrawal includes the employer having no active members of the Plan for a period of 6 months as well as formally withdrawing from the Plan or being wound up; at the balance sheet date there were 14 active members of the Plan employed by The Society. The Plan is closed to new entrants; however, the Society will continue to ensure that there is at least 1 active member of the Plan at any time in order to avoid a 'cessation event' which would trigger a 'debt on withdrawal' charge. The Board considers the likelihood of such an event occurring to be remote.

Society of St James

Notes forming part of the financial statements
for the year ended 31 March 2015 (*Continued*)

23 Reconciliation of operating surpluses to net cash inflow from operating activities

	2015 £	2014 £
Operating surplus	95,195	58,711
Amortisation of intangible fixed asset	6,500	6,500
Depreciation of tangible fixed assets	177,059	145,222
Change in debtors	(3,965)	(152,181)
Change in creditors	(65,817)	121,778
	<hr/>	<hr/>
Net cash inflow from operating activities	208,972	180,030
	<hr/>	<hr/>

24 Reconciliation of net cash flow movement to net debt

	2015 £	2014 £
Decrease in cash	(133,988)	(61,381)
Cash outflow/(inflow) from changes in debt	(139,268)	35,129
	<hr/>	<hr/>
Movement in net debt	(273,256)	(26,252)
	<hr/>	<hr/>
Opening net debt	(293,130)	(266,878)
	<hr/>	<hr/>
Closing net debt	(566,386)	(293,130)
	<hr/>	<hr/>

Analysis of net debt

	At 1 April 2014	Cash flow	Loan maturity	At 31 March 2015
Cash at bank and in hand	438,923	(133,988)	-	304,935
Debt due within one year	(35,595)	35,595	(42,572)	(42,572)
Debt due after one year	(696,458)	(174,863)	42,572	(828,749)
	<hr/>	<hr/>	<hr/>	<hr/>
Total net debt	(293,130)	(273,256)	-	(566,386)
	<hr/>	<hr/>	<hr/>	<hr/>

25 Post balance sheet events

In the budget statement of 8 July 2015 the government announced changes to the formula that governs rent increases for Social Housing. The effect of this as announced will be to reduce the level of core rental income the Society receives over the 4 years from 1 April 2016 by 1% each year. This loss of future income will affect the Society's plans and it is likely that action will be required to reduce costs during this period. There are forecast to be little or no other impacts on the rest of the Society's finances from this or any of the other measures announced by the government in this statement.