



Combating Homelessness  
Creating Opportunities  
Promoting Change

# Report of the Directors and Consolidated Financial Statements



For the year ended  
**31 March 2016**

Registered with Companies House No. 1618610. Registered with the Charity Commission No. 284839. Registered with the Homes and Communities Agency No. H1696

# **Brighton Housing Trust**

**Registered Social Housing Provider**

Financial Statements

Year ended 31 March 2016

Companies House Number 1618610

Charity Commission Number 284839

Homes and Communities Agency Number H1696

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## Executives and advisors for the year ended 31 March 2016

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### Board of management

Joan Mortimer, Chair

Hugh Burnett OBE DL

Anne Caborn

Maria Caulfield Resigned 26/05/2015

Leona Daniel

Peter Freeman

Janet Crome Resigned 08/09/2016

Kirsty Coates Appointed 14/12/2015\*

Steve Foreman Appointed 14/12/2015\*

Ian Millar Appointed 14/12/2015\*

Valentine Mulholland Appointed 14/12/2015\*

Bill Randall Appointed 14/12/2015\*\*

(\* co-opted 15/12/14); \*\* co-opted 29/06/15)

### Executive management

Andy Winter  
Chief Executive

Sarah Roebuck  
Director of Finance & Resources

Nikki Homewood  
Director of Services

Jane Eyles Appointed 01/09/2015  
Head of Housing Resigned 02/09/2016  
Services

### Auditors

BDO LLP  
2 City Place  
Beehive Ring Road  
Gatwick  
West Sussex  
RH6 0PA

### Principal solicitors

DMH Stallard LLP  
1 Jubilee Street  
Brighton  
East Sussex  
BN1 1GE

### Secretary & registered office

Catherine Bridger  
144 London Road  
Brighton  
BN1 4PH

### Audit, Risk and Governance Committee

Peter Freeman, Chair  
Leona Daniel  
Ian Millar  
Valentine Mulholland

### Finance, Personnel and General Purposes Committee

Anne Caborn, Chair  
Hugh Burnett OBE DL  
Janet Crome  
Kirsty Coates  
Steve Foreman  
Joan Mortimer  
Bill Randall

### Remuneration Committee

Anne Caborn, Chair  
Hugh Burnett OBE DL  
Janet Crome  
Kirsty Coates  
Steve Foreman  
Joan Mortimer  
Bill Randall

### Bankers

Royal Bank of Scotland  
PO Box 300  
Brighton  
East Sussex  
BN1 9TE

### Chair's statement for the year ended 31 March 2016

The Directors are pleased to present their Annual Report and Financial Statements of Brighton Housing Trust (BHT) for the year ended 31 March 2016.

The year was another successful one for the Trust in spite of the challenging financial environment, ongoing austerity, and increasing demands on our services. Operating and financial performance throughout the Trust improved, and the Trust continues to be recognised for delivering services that change lives and improves the communities within which we work.

Challenges for the year ahead remain with welfare changes and government proposals around the provision of supported housing and changes in benefit rules potentially impacting BHT's clients and BHT's ability to continue to provide services.

### Report of the Board of Management for the year ended 31 March 2016

#### Principal activities and review of business

##### Our Mission, Objects and Activities

The Trust's 'Mission', principal aims and objectives are:

- *Combating homelessness*: its causes and effects
- *Creating opportunities*: enabling individuals to overcome the barriers to independent living
- *Promoting change*: ensuring awareness and furthering local and national strategic priorities

The Trust aims to enable people to live independently, and believes that everybody needs appropriate housing, whether as a starting point or an end goal. The Trust provides services to address the causes and effects of homelessness, poverty, vulnerability, discrimination, abuse, addiction, and poor mental and physical health.

The Trust is a charitable housing association, a company limited by guarantee and is governed by its Memorandum and Articles of Association. The Trust is registered with both the Charity Commission and the Homes and Communities Agency and, as such, is governed in addition to its Memorandum and Articles of Association by applicable Charities Act and Housing Act legislation.

##### Charitable Objectives

The objects of the Trust, as laid down in its Memorandum of Association, are:

- to relieve poverty by the provision of housing;
- the relief of sickness;
- the advancement of education and training of persons who are either homeless or in need or both, and the families of such persons;
- to promote the study of and research into all aspects and methods of the relief and prevention of homelessness, relief of those persons in need and to make records and disseminate the useful results of such research at both a national and local level.

The Trust undertakes extensive project reviews in which the outcomes and achievements of the Trust's work are contrasted against its stated aims and objectives. The reviews look at the successes of each key activity and the benefits they have brought to those individuals and groups of people for which the Trust was set up to help as well as the wider, positive impact the Trust brings to the communities within which it works.

The reviews also help to ensure that the Trust's aims, objectives and activities remain focused upon its stated objects. The Trustees have taken due regard of the Charity Commission's guidance on public benefit and demonstrates public benefit delivered in the following pages of this report. The Trustees consider the guidance whenever reviewing the Trust's Mission, aims and objectives and when planning future activities.

##### Strategic Objectives

The Trust has five Strategic Objectives:

- **Improving our services**: Each service area has an improvement plan which is informed by tenant and client feedback, as well as reviews undertaken by management, peer inspections, and external inspections and reviews.

## Report of the Board of Management for the year ended 31 March 2016 (continued)

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- Empowering People: All services have as a priority the aim of increasing independence by empowering clients to take greater responsibility for their lives. This ultimately can result in clients and tenants moving from dependency on welfare benefits to employment. The Trust embraces the concepts of co-design, co-production and co-delivery of its services. This contributes to clients and tenants having an increased sense of ownership of the services they use and the homes in which they live.
- Increasing our influence: The Trust believes it is important to look at the causes of the issues faced by clients and tenants, including the causes of homelessness, poverty, and exclusion. The Trust has maintained a high profile, both locally and nationally, and has engaged in debate around the impact of government policy in key areas of its work, not least the extension to housing associations of the Right to Buy (which the Board has opposed), and changes to how rents are set and will be set in the future.
- Improving our financial strength: The Trust's surplus for the year ended 31<sup>st</sup> March 2016 was £546k, an increase of £197k from the previous year. This has been achieved through a range of measures, not least improvements in performance within Housing Services, strict cost controls, and the disposal of loss-making properties leased from private landlords. Value for Money initiatives have assisted in controlling costs and ensuring greater value has been achieved from the use of the Trust's resources.
- Seeking quality growth: The Whitehawk Inn, an education and training charity joined the Trust, thereby adding to the Trust's ability to deliver its Mission and to deliver services in East Brighton where the Trust had previously little activity.

### Charitable Activities

In the year to 31<sup>st</sup> March 2016, 6,843 (2015: 6,307) clients used the services offered by the Trust. In the same period, BHT housed 331 (2015: 378) tenants at any one time in its Community Housing and in other properties leased from private landlords.

Access to the Trust's services is allocated by giving priority to referrals from a number of specified sources, as agreed with funders and other stakeholders from time to time, and is also based upon an initial assessment of an individual's personal circumstances and commitment to seeking help. All of the Trust's services are provided free to its clients. The only exception to this is the rent charged to tenants and residents, and where a resident might reasonably be expected to contribute towards those service charges that are ineligible for Housing Benefit, such as food, utilities and rates.

The Trust is committed to ensuring equal access to its services and sees equality and diversity as being of central importance to both its culture and operations. The Trust collects and analyses equality monitoring data for all those individuals that approach the Trust for help. The Trust is committed to taking positive action to facilitate the greater representation of any underrepresented groups, as permitted by law.

Specific charitable activities undertaken by the Trust during the year included the provision of:

- housing accommodation both at sub-market levels to those most in need, and at market rents, to subsidise other services;
- grant funded specialist mental health support, primarily with clients in residence but also on an outreach basis;
- grant funded specialist, residential drug and alcohol recovery projects;
- grant funded floating support services providing support to clients on a daily basis, both within their own homes and designated drop in centres;
- state funded legal advice through centres providing specialist advice for housing, and asylum matters as well as other specialist advice for which funding is provided from time to time;
- a day centre for homeless, vulnerable or socially excluded individuals;
- work, learning and involvement activities;
- private sector leasing initiatives enhancing the range and availability of housing accommodation to those in need.

Further details regarding the direct impact and benefits that these activities have upon clients' lives can be found on the Trust's website ([www.bht.org.uk](http://www.bht.org.uk)).

## Report of the Board of Management for the year ended 31 March 2016 (continued)

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### Key Performance Indicators

The Trust's Board received quarterly reports to monitor performance within the organisation. The performance measures included financial and operational performance indicators, including:

- Cash management – cash flows and average cash balances improved during the year with cash at bank and in hand at 31 March 2016 £2.2m (2015: £2.2m);
- Void loss in Supported Housing – voids as a % of gross rents of 4.6% (2015: 5.0%) (target: 4.7%);
- Void loss in Housing Services\* – voids as a % of gross rents of 6.0% (2015: 8.6%) (target: 5.0%);
- Total rent received in Supported Housing – rent received as a % of amounts due 98.3% (2015: 97.2%) (target: 98.5%);
- Total rent received In Housing Services – rent received as a % of amounts due 99.2% (2015: 93.3%) (target: 98.5%);
- Bad debts in Supported Housing – bad debts as a % of rents receivable of 0.0% (2015: 0.5%) (target: 1.5%);
- Bad debts Housing Services\*\* – bad debts as a % of rents receivable of 7.8% (2015: 6.5%) (target: 1.5%);
- Arrears management Supported Housing – gross arrears as a % of annual rent roll of 3.7% (2015: 2.2%) (target: 5.6%)
- Arrears management Housing Services – gross arrears as a % of annual rent roll of 4.6% (2015: 10.1%) (target: 5.8%)
- Gas safety certificates\*\*\* – units with a valid safety certificate 97% (2015: 97%) (target: 100%);
- Staff sickness – working days lost per FTE employee 7.7 days (2015: 9.9 days) (target: 8.0 days);
- Consolidated action plan – 89% (2015: 86%) of all improvement actions completed (target: 90%) (target: 2015: 85%).

\*In the Trust's regulated housing, voids were well within target: Brighton Community Housing 1.8% (target 5%) and Hastings Community Housing 1.3% (target 5%)

\*\*Bad Debts in Housing Services has exceeded target in 2016. This trend is not expected to recur as action has been taken to hand back properties in Eastbourne where a significant level of bad debts has occurred.

\*\*\* The Gas safety certificates actual was below the target of 100%. Three of these four cases were due to the tenant failing to keep appointments and one was due to access being denied by Sussex Police as it was a crime scene. All breaches were discussed at the Board meetings following the quarter in which the incident happened.

### Qualifying third party indemnity provisions

The Trust has qualifying third party indemnity provisions in place for the directors of Brighton Housing Trust a Registered Social Housing Provider.

### Value for money

Value for money reviews have been undertaken since 2010, both internally and with the assistance of external consultants, resulting in annual value for money improvements of £617k (2015: £460k).

The areas where formal reviews were undertaken by external consultants include:

- Service charge review £553k;
- Rationalisation of senior management team £25k;
- Rationalisation of Communications function £9k;
- Mobile phone procurement £15k;
- Line rental procurement £4k;
- Gas and electricity procurement £11k.

## Report of the Board of Management for the year ended 31 March 2016 (continued)

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The Trust worked with external consultants on a number of projects to reduce spend and maximise income.

Previous reviews continue to make a positive impact on the Trust's finances. For example, the review of Terms and Conditions undertaken in 2009 has continued to achieve savings, in 2015/16 savings of increments estimated to be in excess of £100k together with additional accumulated savings from previous years.

The provision of IT services to YMCA Downlink continues to result in additional income to BHT of £74k.

Savings have also been achieved in the following areas:

- The continuing provision of training to external agencies has continued to result in income of £44k (2015: £35k) per annum to BHT which has been invested to subsidise training opportunities for our staff;
- Job boards, social media and BHT's own website (promoted through a mailing list of over 2,000 registered individuals) have been used to fill 89 posts (2015: 75 posts) at an average cost of £30 per post (2015: £123 per post). This has resulted in a reduction in expenditure of around £66k (2015: 56k) by no longer placing job adverts in expensive newspapers, with no identifiable negative impact on our ability to recruit quality staff. Advertising still takes place in newspapers and specialist magazines, where appropriate.

Each project has undertaken a value for money review, involving clients, to identify ways of achieving value for money.

Through various activities of BHT, improved performance reducing losses to BHT and savings to other organisations have been achieved. Examples of savings to the NHS include savings in ambulance call outs, reduced attendance at Accident and Emergency Departments, fewer unplanned hospital admissions, and reduced periods of hospital stays.

### **Compliance with Governance and Financial Viability Standard**

The Board has reviewed the Trust's compliance with the Governance and Financial Viability Standard, revised in 2015 by the Homes and Communities Agency and has concluded that BHT complies with the Standard.

The Trust has reviewed its Assets and Liabilities Register to ensure that it meets the requirements. There is ongoing work on this Register to ensure that it remains accurate and complete, and that timely adjustments are made as circumstances require.

### **Going concern**

On the basis of our assessment of the Trust's financial position and resources, together with a review of budget for 2016/17 and financial forecasts, the Board believes that the Trust is well placed to manage its business risks. The Board therefore has a reasonable expectation that the Trust has adequate resources to continue operating for the foreseeable future and thus continues to adopt the going concern basis of accounting in preparing the annual financial statements.

### **Assessment of the effectiveness of internal control**

In accordance with regulatory expectations of the Homes and Communities Agency, the Board is required to conduct an annual review of the effectiveness of the systems of internal control, and to issue a formal statement within the annual report and accounts on the outcome of this review.

The Board acknowledges its ultimate responsibility for the system of internal controls, for reviewing the effectiveness of those controls and for managing the risk of fraud within the Trust. The Board also acknowledges that risk management and control processes should operate continuously and should be embedded within and across all activities. It should be recognised that no system of internal control can provide absolute assurance or eliminate all risk. The system of internal control is designed to manage risk and provide reasonable assurance that key business objectives will be achieved and to give reasonable assurance about the preparation and reliability of financial information and the safeguarding of the assets of the Trust.

## Report of the Board of Management for the year ended 31 March 2016 (*continued*)

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BHT has adopted the National Housing Federation's Code of Governance 2015. A review of the Code has been undertaken and the Board is confident it complies with the Code.

The processes for identifying, evaluating and managing the significant risks faced by the Trust are ongoing, have been in place for the year under review and up to the date of approval of the annual report and accounts and are regularly reviewed by the Board. The elements of the control framework, incorporating the key sources of evidence utilised by the Board in reviewing the effectiveness of the system of internal control, include:

- *Identification and evaluation of key risks*

A comprehensive strategy and processes are in place to identify, evaluate and manage risk. New projects are subject to risk assessment and financial appraisal both prior to and post any implementation. Approval to proceed is provided by committee or the Board, as appropriate.

The Trust has identified those factors that individually or in combination that could threaten the long term financial viability of the business and has agreed mitigating and recovery plans for such eventualities

- *Control environment and control procedures*

The Board has put in place an organisational structure with clearly defined lines of responsibility and delegation of authority. These are set out in the Trust's standing orders and financial regulations. Strategy and policy are subject to Board review and approval. The Trust's Code of Ethics sets out standards of professionalism and integrity. The Code of Ethics is supported by a framework of policies and procedures, with which employees must comply, covering such issues as business continuity, business performance, clients charter, client involvement, confidentiality, continuous improvement, data protection, delegated authority, environment, equality and diversity, financial procedures, fraud, health and safety, anti-money laundering, treasury management, value for money and whistle-blowing.

The policy and procedures in relation to fraud specifically cover prevention, detection, reporting and the recovery of any assets lost to fraudulent activities. Whilst the Trust maintains a fraud register, there have been no actual instances of fraudulent activity identified. The Board is fully aware of this, and would be informed accordingly should any fraudulent activity be identified.

- *Monitoring and corrective action*

The Board has approved the use of an integrated plan for the implementation of all the key strategies and tasks within the Trust. A Programme of Continuous Improvement ('PCI'), incorporating the Development Plan, Consolidated Action Plan and Key Performance Indicator reporting, is reviewed by the Board on a quarterly basis

The Board, through its Audit, Risk and Governance Committee, have approved the Trust's three year strategic audit plan and have considered all internal audit reports produced during the year. Action plans arising from these audits have been included in the PCI and good progress has been made in adopting and implementing agreed actions. In addition to the arrangements for internal audit, the Trust is also subject to regular and ongoing audit reviews by a number of its regulators, funders and commissioning bodies.

- *Information and financial reporting systems*

The annual budget and five year business plan are reviewed and approved by the Board. Actual financial results, financial forecasts, KPI's and the new business development plan are reported, on a quarterly basis, to the Trust Board.

- *Status*

The Board's review of the effectiveness of the Trust's system of internal control has identified no significant failings, weaknesses or instances of fraudulent activity which have resulted in material misstatement or loss that require disclosure within the financial statements for the year ended 31 March 2016, and up to the date of signing these financial statements.

### Post balance sheet events

There were no post balance sheet events.

## Report of the Board of Management for the year ended 31 March 2016 (continued)

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### Board members' responsibilities

The Board are responsible for preparing the strategic report, annual report and the financial statements in accordance with applicable law and regulations.

Company law and social housing legislation requires the board to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the board 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 association and of surplus or deficit of the association for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed and the Statement of Recommended Practice: Accounting by registered social housing providers 2014, 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 charitable company will continue in business.

The board are responsible for keeping adequate accounting records that are sufficient to show and explain the association's transactions and disclose with reasonable accuracy at any time the financial position of the association 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 2015. They are also responsible for safeguarding the assets of the association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The board members are 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 2014.

Financial statements are published on the group'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 group's website is the responsibility of the board. The board responsibility also extends to the ongoing integrity of the financial statements contained therein.

### Auditors

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

BDO LLP have expressed their willingness to continue. A resolution for the re-appointment of BDO LLP as auditors of the Trust is to be proposed at the forthcoming Annual General Meeting.

### By order of the Board



J Mortimer  
Chair of the Board

Date 19/9/16

### Strategies to achieve its objectives

The Trust has five strategic objectives. How these objectives have been delivered over the year ended 31<sup>st</sup> March 2016 is set out above. A further objective has been agreed, that a 2% surplus is achieved, year on year. Budgets have been prepared to achieve this objective and, in 2016/17 are forecast to achieve a 3% surplus allowing further amounts as contingencies to meet unforeseen events.

The Trust has a number of strategies to achieve these objectives over the next year:

- *Improving our services*

The Trust has a Programme for Continuous Improvement designed to improve services and the overall performance of the Trust. At an operational level, the ongoing implementation of project improvement plans will result in further improvements to services in line with values for delivering excellence.

- *Empowering People*

The Trust will continue to deliver a range of interventions that create opportunities and promote change so that tenants and clients can take great control over their own lives. This includes services that assist people to undertake training and work experience, and to be supported into employment as well as achieving greater independence.

- *Increasing our influence*

The Trust will continue to monitor trends and the impact of social policy on the health and wellbeing of tenants and clients. The Trust will continue to undertake original research and promote policies and approaches that serve the interests of our tenants and clients. The Trust will use whatever opportunities it has to provide a voice for its tenants and clients including through traditional and social media, conferences and direct engagement with politicians, policy makers and commissioners.

- *Improving our financial strength*

The Trust will continue to monitor a range of activities to ensure that value for money is achieved. The detailed management of income and costs will ensure that budgetary disciplines are maintained, and the monitoring of key performance indicators will ensure that remedial action can be taken in a timely fashion to ensure that budget plans are achieved. Costs will continue to be flexed to match available income while maintaining the value of central contributions and surpluses.

- *Seeking quality growth*

The Trust will continue to seek opportunities that will both further its ability to deliver its charitable objectives and its Mission, and to strengthen its financial viability. Growth opportunities should ensure that the Trust is better off or achieves economies of scale; increases its asset base; strengthens its central functions; and that there is a shared or compatible culture with any proposed merger. The Trust will actively seek to build its housing provision by working in partnership with existing and new private sector partners subject to any commercial arrangement strengthening the Trust's finances and increasing our clients' access to housing.

### Business model

While the Trust retains ambitions to develop new homes of its own, the Trust is not currently able to do so given the challenges relating to the availability of affordable finances and the cost of land in the south east. It will increase the number of homes in management through the leasing of homes from the private sector. The Trust will continue to lease homes from existing and possibly new private sector partners subject to any such commercial arrangement strengthening the Trust's finances and increasing our clients' access to housing.

The Trust will ensure that its charitable activities do not prevent it delivering its responsibilities to its tenants by providing decent and safe homes, both in the year and throughout the thirty years of the planned maintenance programme.

Charitable activities are expected to flex costs to meet available income, while recognising that this might not always be possible in all areas of activity. The Trust seeks to ensure that all services make a positive financial contribution to the organisation even though certain activities with a high fit to the Mission might return deficits after their central contribution.

## Strategic Report for the year ended 31 March 2016 (continued)

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The Trust continues to rely on charitable giving from the public and securing grants from other charitable sources. There is an ambition and active plans to increase the sums raised to reduce deficits that exist in a few services with a high Mission fit, particularly the advice services and First Base Day Centre.

### Development and performance during the financial year and financial position at the year end

During the year the Whitehawk Inn, an education and training charity joined the Trust, thereby adding to the Trust's ability to deliver its Mission and to deliver services in East Brighton where the Trust had previously little activity.

The Trust's surplus for the year ended 31st March 2016 was £546k, an increase of £197k from the previous year. This has been achieved through a range of measures, not least improvements in performance within Housing Services, strict cost controls, and the disposal of loss-making properties leased from private landlords. Value for Money initiatives have assisted in controlling costs and ensuring greater value has been achieved from the use of the Trust's resources.

Work was undertaken during the year to 31<sup>st</sup> March 2016 to ensure the smooth return of 157 properties to the Trust's management on the 4<sup>th</sup> April 2016. These properties have previously been leased to Affinity Sutton and will generate additional revenue for the Trust for the foreseeable future.

### Use of Reserves

Accumulated reserves are deployed to achieve our principal objective of supporting homeless and vulnerable people. After setting aside an amount to cover day to day financial commitments, reserves are invested in property that provides accommodation and services to our clients and tenants. At the end of the year, unrestricted reserves were £7.2m (2015: £1.6m) of which £6.9m (2015: £6.8m) is invested in property (see statement of changes in equity for the year ended 31 March 2016 on page 15).

The Trust aims to hold a minimum of 1.5 months of operating cash outflow requirements in cash or short term investments in order to manage short term volatility in income or liquidity and the Board reviews the cash position on a quarterly basis. At the 31 March 2016 the Trust has cash cover of 2.6 months (2015: 2.5) including cash received in advance for restricted funding streams.

The Board of Management have identified the main financial risks to the organisation to be:

- further cuts to the value of contracts;
- further cuts and caps to rents;
- failure to meet income targets for Advice Services.

In light of these risks and in order to meet future investment opportunities, the Board has also identified the need to strengthen the reserves of the organisation. It has set an interim target of generating a minimum of 2% surplus per annum and is currently reviewing the wider reserves policy. The surplus in the current year was 4.2% (2015: 2.6%).

### **Future prospects**

The Trust operates many of its services in a volatile funding environment, compounded by ongoing austerity. It has been able in the past to flex costs to reflect changes in funding, and the Board is confident that there are adequate early warning systems in place to ensure that the Trust can respond in a timely fashion to future volatility.

The Trust also has a number of opportunities to further develop housing provision that will strengthen its ability to deliver its charitable objectives and Mission, and strengthen its financial viability.

The year on year reduction in rents announced by the Chancellor in the Emergency Budget following the 2015 general election will have a negative impact on income, as will ongoing pressures on public finances, not least those of local authorities. Cost saving and other value for money initiatives will partially mitigate these pressures. In order to ensure that the Trust can achieve its objective of returning a year on year surplus of 2%, a range of measures, to be implemented by March 2018, are being explored including office rationalisation, models of working, issues relating to the structure and growth of the Trust, asset management, fundraising, and value for money activities. None of these will, in themselves, achieve the Trust's financial objective, but should, in combination, do so.

### **Principal risks and uncertainty**

The Trust operates a well-established process for the identification and management of risk. The Trust has identified a range of risks and uncertainties, the principal ones being: the erosion of value of contracts and grants; the loss of contracts and grants; repairs and maintenance inflation; further reduction in rents imposed by government; LHA Cap from 2018; and any additional cost of regulation. Mitigating strategies and recovery plans are in place and continue to be reviewed and developed as a dynamic process.

### **Governance**

The Trust has two distinct areas of activity: advice and support services, and housing services. Each area of activity sits within a directorate which have an equal status with the other. This reflects the dual nature of the organisation as a charity and as a registered housing provider. The Board of Trustees are also the Directors of the Company. Trustees are aware of their responsibilities as charity trustees, directors of a registered housing provider and company limited by guarantee.

The Trust has adopted the National Housing Federation's Code of Governance and during the year ended 31<sup>st</sup> March 2016 undertook a comprehensive review of compliance against that Code. No material breaches of the Code were identified, while various actions were agreed and implemented to strengthen governance arrangements.

The Trust also has to comply with Care Quality Commission Standards, the Legal Aid Agency and Solicitors Regulation Authority and the Board employs governance and management structures to ensure that all regulatory requirements are met.

Clear statements of roles, responsibilities and accountabilities are in place for the Board, its Chair and the Chief Executive, and relevant policies and procedures are in place.

The Board is clear as to its responsibilities. Board succession planning arrangements are in place to ensure that the necessary skills exist within the Board, that Board members are independent, and that any potential conflicts are identified and managed. The Board regularly reviews the effectiveness of activities undertaken by the organisation, and takes a forward-looking approach to the affairs of the organisation.

### **Approval**

This Strategic Report was approved by order of the Board and signed its behalf



Joan Mortimer  
**Chair of the Board**

Date 19/9/16

## Independent Auditor's Report

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### Independent Auditor's Report to the Members of Brighton Housing Trust

We have audited the financial statements of Brighton Housing Trust for the year ended 31 March 2016 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the association'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 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 trustees and auditor

As explained more fully in the statement of board responsibilities, 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 and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's 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](http://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 association's affairs as at 31 March 2016 and of the association's incoming resources and application of resources, including its income and expenditure, 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 in England 2015.

### Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the annual report and strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### Matters on which we are required to report by exception

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

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



*Philip Cliftlands (senior statutory auditor)  
For and on behalf of BDO LLP, statutory auditor  
Gatwick, West Sussex  
United Kingdom*

Date: 22 September 2016

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

## Brighton Housing Trust

### Statement of comprehensive income for the year ended 31 March 2016

	Note	2016 £	2015 £
Turnover	4,5,6	<b>13,121,344</b>	13,442,317
Operating costs	4,5	<b>(12,505,277)</b>	(13,016,041)
<b>Operating surplus</b>	4,8	<b>616,067</b>	426,276
Interest receivable and similar income	12	<b>4,708</b>	2,289
Interest and financing costs	13	<b>(75,172)</b>	(79,946)
Surplus before taxation		<b>545,603</b>	348,619
Taxation on surplus		-	-
<b>Surplus and total comprehensive income for the financial year</b>		<b>545,603</b>	348,619

All activities relate to continuing operations.

The notes on pages 17 to 37 form part of these financial statements.

**Brighton Housing Trust**

**Statement of financial position at 31 March 2016**

	Note	2016 £	2015 £
<b>Fixed assets</b>			
Tangible fixed assets - housing properties	14	<b>18,726,553</b>	18,819,746
Tangible fixed assets – other	15	<b>1,660,869</b>	1,705,998
		<b>20,387,422</b>	20,525,744
<b>Current assets</b>			
Debtors - receivable within one year	16	<b>1,500,843</b>	1,570,482
Cash and cash equivalents		<b>2,194,790</b>	2,180,632
		<b>3,695,633</b>	3,751,114
<b>Creditors: amounts falling due within one year</b>	17	<b>(1,662,463)</b>	(2,160,729)
<b>Net current assets</b>		<b>2,033,170</b>	1,590,385
<b>Total assets less current liabilities</b>		<b>22,420,592</b>	22,116,129
<b>Creditors: amounts falling due after more than one year</b>	18	<b>(13,909,396)</b>	(14,136,346)
<b>Provision or liabilities - other provisions</b>	21	<b>(139,358)</b>	(153,548)
<b>Total Net assets</b>		<b>8,371,838</b>	7,826,235
<b>Capital and reserves</b>			
Capital reserves	28	-	102,833
Designated reserves	28	-	5,641,404
Restricted reserves	28	<b>1,192,805</b>	433,242
Income and expenditure reserves		<b>7,179,033</b>	1,648,756
<b>Total Reserves</b>		<b>8,371,838</b>	7,826,235

The notes on pages 17 to 37 form part of these financial statements.

Registered with Companies House Number 1618610.

The financial statements were approved by the Board on the  
and were signed on the Board's behalf by:



**J MORTIMER**  
Chair of the Board



**P FREEMAN**  
Chair of Audit, Risk and Governance Committee

## Brighton Housing Trust

### Statement of changes in equity for the year ended 31 March 2016

	Capital reserves	Designated reserves	Restricted reserves	Income and expenditure reserves	Total
	£	£	£	£	£
<b>Balance at 1 April 2015</b>	102,833	5,641,404	433,242	1,648,756	7,826,235
<b>Surplus for the year</b>	-	-	-	545,603	545,603
	102,833	5,641,404	433,242	2,194,359	8,371,838
<b>Reserves Transfers:</b>					
Restricted income from income and expenditure reserves	-	-	759,563	(759,563)	-
Designated reserves to income and expenditure	-	(5,641,404)	-	5,641,404	-
Capital reserves to income and expenditure	(102,833)	-	-	102,833	-
<b>Balance at 31 March 2016</b>	-	-	1,192,805	7,179,033	8,371,838

### Statement of changes in equity for the year ended 31 March 2015

	Capital reserves	Designated reserves	Restricted reserves	Income and expenditure reserves	Total
	£	£	£	£	£
<b>Balance at 1 April 2014</b>	102,833	5,767,153	286,080	1,321,550	7,477,616
<b>Surplus for the year</b>	-	-	-	348,619	348,619
	102,833	5,767,153	286,080	1,670,169	7,826,235
<b>Reserves Transfers:</b>					
Designated expenditure from income and expenditure reserve	-	(125,749)	-	125,749	-
Restricted income from income and expenditure account	-	-	147,162	(147,162)	-
<b>Balance at 31 March 2015</b>	102,833	5,641,404	433,242	1,648,756	7,826,235

The notes on pages 17 to 37 form part of these financial statements.

## Brighton Housing Trust

### Statement of cash flows for the year ended 31 March 2016

	Note	2016 £	2015 £
<b>Cash flows from operating activities</b>			
<b>Surplus for the financial year</b>		<b>545,603</b>	348,619
Adjustments for:			
Depreciation of fixed assets - housing properties	14	<b>310,680</b>	294,880
Depreciation of fixed assets - other	15	<b>129,587</b>	164,113
Amortised grant	5,6	<b>(164,952)</b>	(164,953)
Interest payable and finance costs	13	<b>75,172</b>	79,946
Interest received	12	<b>(4,708)</b>	(2,289)
Whitehawk Inn gift	29	<b>(46,408)</b>	-
Accelerated depreciation	14	<b>49,224</b>	-
Decrease in trade and other debtors	16,29	<b>87,307</b>	367,950
(Decrease) / increase in trade creditors and other creditors	17,29	<b>(614,233)</b>	132,862
Decrease in provisions	21	<b>(14,190)</b>	(7,463)
<b>Cash from operations</b>		<b>353,082</b>	1,213,665
Taxation paid		-	-
<b>Net cash generated from operating activities</b>		<b>353,082</b>	1,213,665
<b>Cash flows from investing activities</b>			
Interest received	12	<b>4,708</b>	2,289
Disposal of Investment		-	79,718
Purchases of fixed assets - housing properties	14	<b>(266,711)</b>	(253,541)
Purchases of fixed assets - other	15	<b>(68,277)</b>	(74,887)
Cash received from Whitehawk Inn gift	29	<b>127,727</b>	-
<b>Net cash from investing activities</b>		<b>(202,553)</b>	(246,421)
<b>Cash flows from financing activities</b>			
Interest paid	13	<b>(75,172)</b>	(79,946)
Repayment of loans – other	20	<b>(61,199)</b>	(55,738)
<b>Net cash used in financing activities</b>		<b>(136,371)</b>	(135,684)
<b>Net increase in cash and cash equivalents</b>		<b>14,158</b>	831,560
Cash and cash equivalents at beginning of year		<b>2,180,632</b>	1,349,072
<b>Cash and cash equivalents at end of year</b>		<b>2,194,790</b>	2,180,632

The notes on page 17 to 37 form part of these financial statements.

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## **1. Legal Status**

The Trust is registered with the Financial Conduct Authority and is registered with the Homes and Communities Agency as a social housing provider. The Trust is a charitable housing association, a company limited by guarantee under the Companies Act 2006 and is governed by its Memorandum and Articles of Association. The Trust is also registered with the Charity Commission and as such is governed by applicable Charities Act legislation.

## **2. Accounting Policies**

The financial statements have been prepared in accordance with applicable law and UK accounting standards (United Kingdom Generally Accepted Accounting Practice) which for Brighton Housing Trust includes FRS 102 "the Financial Reporting Standard applicable in the United Kingdom, the Republic of Ireland" the Statement of Recommended Practice (SORP) for Registered Social Housing Providers 2014, "Accounting by registered social housing providers" 2014, the Accounting Direction for Private Registered Providers of Social Housing 2015, and the Companies Act 2006.

FRS 102 is mandatory for accounting periods beginning on or after 1 January 2015 and Brighton Housing Trust has applied the standard for the first time in the preparation of these financial statements. Information on the impact of first-time adoption of FRS 102 is given in note 31.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Trust's management to exercise judgement in applying the Trust's accounting policies.

The following principal accounting policies have been applied:

### **Income**

Income is measured at the fair value of the consideration received or receivable. The Trust generates the following material income streams:

- Rental income receivable (after deducting lost rent from void properties available for letting);
- Service charges receivable;
- Revenue grants from statutory and other authorities;
- Legal Aid Association income.

### **Rental Income**

Rental income from residential properties is recognised in the Statement of Comprehensive Income when it falls due.

### **Supported housing schemes**

The Trust receives Supporting People grants from a number of Boroughs and County Councils. The grants received in the period as well as costs incurred by the Trust in the provision of support services have been included in the Statement of Comprehensive Income. Any excess of cost over the grant received is borne by the Trust where it is not recoverable from tenants.

### **Service charges**

The Trust adopts the fixed method for calculating and charging service charges to its tenants and leaseholders. Expenditure is recorded when a service is provided and charged to the relevant service charge account. Income is recorded based on the estimated amounts chargeable.

### **Legal Aid Association Income**

Legal Aid income is accounted for when earned. Income is recognised at agreed rates for all work carried out up to the balance sheet date. Any income earned, where full settlement will not be received until the case is closed, is accrued and stated at the lower of cost and net realisable value.

### **Management of units owned by others**

Rent and grant income receivable are included in income. The costs of carrying out the management of contracts and rechargeable expenses are included in operating costs.

### **Schemes managed by agents**

Income from these schemes is included within rent receivable. The costs associated with these properties relate to depreciation and loan interest. No management fees are charged by the agents.

## **Finance Costs**

Interest is incurred on loans held by the Trust and is charged to the Statement of Comprehensive Income.

## **Current and deferred taxation**

The Trust is a Charity within the meaning of Para 1 Schedule 6 Finance Act 2010. Accordingly it is potentially exempt from taxation in respect of income or capital gains within categories covered by Chapter 3 of Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

No tax charge arose in the period.

## **Impairment of fixed assets**

The housing property portfolio for the Trust is assessed for indicators of impairment at each balance sheet date. Where indicators are identified then a detailed assessment is undertaken to compare the carrying amount of assets or cash generating units for which impairment is indicated to their recoverable amounts. An option appraisal is carried out to determine the option which produces the highest net realisable value. Valuations on rental return or potential sale proceeds are obtained and used to inform the options. The Trust looks at the net realisable value, under the options available, when considering the recoverable amount for the purposes of impairment assessment. The recoverable amount is taken to be the higher of the fair value less costs to sell or value in use of an asset or cash generating unit. The assessment of value in use may involve considerations of the service potential of the assets or cash generating units concerned or the present value of future cash flows to be derived from them appropriately adjusted to account for any restrictions on their use.

No properties have been valued at Value in Use – Service Potential (VIU-SP).

The Trust defines cash generating units as schemes except where its schemes are not sufficiently large enough in size or where it is geographically sensible to group schemes into larger cash generating units. Where the recoverable amount of an asset or cash generating unit is lower than its carrying value an impairment is recorded through a charge to income and expenditure.

## **Value Added Tax**

The Trust charges Value Added Tax (VAT) on a small proportion of its income relating to legal and IT services and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT to the extent that it is suffered by the Trust and not recoverable from HM Revenue and Customs. Recoverable VAT arises from partially exempt activities and is credited to the Statement of Comprehensive Income.

## **Pension costs**

The Trust operates a defined contribution pension scheme with Scottish Widows and 3 (2015: 5) staff members belong to the NHS pension scheme. The assets of the schemes are held separately from those of the Trust. Contributions to the schemes are charged to the profit and loss in the year in which they become payable.

## **Tangible fixed assets - Housing Properties**

All housing properties are stated at cost together with incidental costs of acquisition less depreciation and impairment (where applicable).

Expenditure on major refurbishment to properties is capitalised where the works increase the net rental stream over the life of the property. An increase in the net rental stream may arise through an increase in the net rental income, a reduction in future maintenance costs, or a subsequent extension in the life of the property. All other repair and replacement expenditure is charged to the Statement of Comprehensive Income.

## **Depreciation of housing property**

Housing land and property is split between land, structure and other major components that are expected to require replacement over time.

Land is not depreciated on account of its indefinite useful economic life.

The cost of all other housing property (net of accumulated depreciation to date and impairment, where applicable) and components is depreciated over the useful economic lives of the assets on the following basis:

Housing properties are split between the structure and the major components which require periodic replacement. The costs of replacement or restoration of these components are capitalised and depreciated over the determined average useful economic life as follows:

Description	Economic useful life (years)
Structure	100
Kitchen	20
Bathroom	30
Roofs	60
External doors	30
Boilers	15
Heating	30
External windows	30

Leasehold properties are depreciated over the length of the lease except where the expected useful economic life of properties is shorter than the lease; when the lease and building elements are depreciated separately over their expected useful economic lives.

#### Tangible fixed assets – Other

Other tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Trust adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the Trust. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

#### Depreciation of other tangible fixed assets

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Description	Economic useful life (years)
Leasehold properties and improvements	Lease term
Freehold non-housing properties (excluding land)	100
Fixtures, fittings, tools and equipment	5
Computers	4

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the Statement of Comprehensive Income.

#### Government grants

Grant is carried as deferred income in the balance sheet and released to the income and expenditure account on a systematic basis over the useful economic lives of the asset for which it was received. In accordance with Housing SORP 2014 the useful economic life of the housing property structure has been selected (see table of useful economic lives above).

Where a social housing grant (SHG) funded property is sold, the grant becomes recyclable and is transferred to a recycled capital grant fund until it is reinvested in a replacement property. If there is no requirement to recycle or repay the grant on disposal of the assets any unamortised grant remaining within creditors is released and recognised as income within the income and expenditure account.

Grants relating to revenue are recognised in income and expenditure over the same period as the expenditure to which they relate once performance related conditions have been met.

Grants due from government organisations or received in advance are included as current assets or liabilities.

#### 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

#### **Recoverable amount of rental and other trade receivables**

The Trust estimates the recoverable value of rental and other receivables and impairs the debtor by appropriate amounts. When assessing the amount to impair it reviews the age profile of the debt, historical collection rates and the class of debt.

#### **Financial liabilities and equity**

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

#### **Loans**

All loans held by the Trust are classified as basic financial instruments in accordance with FRS102. These instruments are initially recorded at the transaction price. FRS102 requires that basic financial instruments are subsequently measured at amortised cost.

#### **Cash and cash equivalents**

Cash and cash equivalents in the Trust's Statement of Financial Position consists of cash at bank, in hand, deposits and short term investments with an original maturity of three months or less.

#### **Leased assets: Lessee**

All leases are treated as operating leases. Their annual rentals are charged to profit or loss on a straight-line basis over the term of the lease.

For leases entered into on or after 1 January 2012, reverse premiums and similar incentives received to enter into operating lease agreements are released to profit or loss over the term of the lease.

#### **Provision for liabilities**

The Trust has recognised provisions for liabilities of uncertain timing or amounts including those for major repairs on stock transfers and leaseholders and restructuring.

Provisions are measured at the best estimate of the expenditure required to settle the obligation at the balance sheet date.

Where the effect of the time value of money is material the amount expected to be required to settle the obligation is recognised at the present value using a discount rate. The unwinding of the discount is recognised as a finance cost in income and expenditure in the period it arises.

#### **Contingent liabilities**

A contingent liability is recognised for a possible obligation, for which it is not yet confirmed that a present obligation exists that could lead to an outflow of resources; or for a present obligation that does not meet the definitions of a provision or a liability as it is not probable that an outflow of resources will be required to settle the obligation or when a sufficiently reliable estimate of the amount cannot be made.

A contingent liability exists on grant repayment which is dependent on the disposal of related property

#### **Reserves**

Income received, and expenditure incurred, for restricted purposes is separately accounted for within restricted funds. Realised and unrealised gains and losses on assets held by these funds are also allocated to the fund.

### **3. Judgements in applying accounting policies and key sources of estimation uncertainty**

In preparing these financial statements, the key judgements have been made in respect of the following:

- whether there are indicators of impairment of the Trust's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit. The Trust has considered the measurement basis to determine the recoverable amount of assets where there are indicators of impairment based on EUV-SH or depreciated replacement cost. The Trust have also considered impairment based on their assumptions to define cash or asset generating units;
- whether leases entered into by the Trust either as a lessor or a lessee are operating or lease or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis;

## Notes forming part of the financial statements for the year ended 31 March 2016 (*continued*)

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- the categorisation of housing properties as investment properties or property, plant and equipment based on the use of the asset;
- what constitutes a cash generating unit when indicators of impairment require there to be an impairment review.

### **Other key sources of estimation uncertainty**

- *Tangible fixed assets (see note 14 and 15)*

Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed periodically and may vary depending on a number of factors. In re-assessing asset lives, factors such as asset and market condition are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

For housing property assets, the assets are broken down into components based on management's assessment of the properties. Individual useful economic lives are assigned to these components.

- *Rental and other trade receivables (debtors) (see note 16)*

The estimate for receivables relates to the recoverability of the balances outstanding at year end. A review is performed on an individual debtor basis to consider whether each debt is recoverable.

Notes forming part of the financial statements for the year ended 31 March 2016 (continued)

4 Particulars of turnover, cost of sales, operating costs and operating surplus

	Turnover	Operating costs	Operating surplus/ (deficit)
	2016	2016	2016
	£	£	£
<b>Social Housing Lettings (Note 5)</b>	<b>5,757,697</b>	<b>(5,441,851)</b>	<b>315,846</b>
<b>Other Social Housing Activities</b>			
Supporting people	1,681,039	(1,397,371)	283,668
Other	1,229,225	(1,021,799)	207,426
<b>Total Social Housing</b>	<b>8,667,961</b>	<b>(7,861,021)</b>	<b>806,940</b>
<b>Activities other than Social Housing Activities (Note 6)</b>			
Legal Advisory Services	1,451,746	(1,868,665)	(416,919)
Day Centre	434,038	(504,990)	(70,952)
Non-housing rent income	45,596	(45,596)	-
Other activities	2,522,003	(2,225,005)	296,998
<b>Total Activities other than Social Housing</b>	<b>4,453,383</b>	<b>(4,644,256)</b>	<b>(190,873)</b>
<b>Total Turnover</b>	<b>13,121,344</b>	<b>(12,505,277)</b>	<b>616,067</b>

	Turnover	Operating costs	Operating surplus/ (deficit)
	2015	2015	2015
	£	£	£
<b>Social Housing Lettings (Note 5)</b>	<b>5,941,474</b>	<b>(5,758,673)</b>	<b>182,801</b>
<b>Other Social Housing Activities</b>			
Supporting people	1,608,807	(1,427,739)	181,068
Other	1,170,499	(1,038,761)	131,738
<b>Total Social Housing</b>	<b>8,720,780</b>	<b>(8,225,173)</b>	<b>495,607</b>
<b>Activities other than Social Housing Activities (Note 6)</b>			
Legal Advisory Services	1,711,166	(1,886,967)	(175,801)
Day Centre	479,729	(570,126)	(90,397)
Non-housing rent income	64,269	(64,269)	-
Other activities	2,466,373	(2,269,506)	196,867
<b>Total Activities other than Social Housing</b>	<b>4,721,537</b>	<b>(4,790,868)</b>	<b>(69,331)</b>
<b>Total Turnover</b>	<b>13,442,317</b>	<b>(13,016,041)</b>	<b>426,276</b>

**Notes forming part of the financial statements for the year ended 31 March 2016 (continued)**

**5 Income and expenditure from social housing lettings**

	General needs £	Supported housing £	Temporary Social Housing £	Total 2016 £	Total 2015 £
<b>Income</b>					
Rents net of identifiable service charges	2,522,897	1,473,675	328,805	<b>4,325,377</b>	4,633,379
Service charge income	114,666	1,038,416	81,912	<b>1,234,994</b>	1,114,424
Release of government capital grants	100,768	57,384	-	<b>158,152</b>	158,153
Other income	3,047	36,127	-	<b>39,174</b>	35,518
<b>Turnover from social housing lettings</b>	<b>2,741,378</b>	<b>2,605,602</b>	<b>410,717</b>	<b>5,757,697</b>	<b>5,941,474</b>
<b>Expenditure</b>					
Management	(62,306)	(116,458)	(70,924)	<b>(249,688)</b>	(262,190)
Service charge costs	(1,787,847)	(2,216,182)	(49,728)	<b>(4,053,757)</b>	(4,245,483)
Routine maintenance	(266,965)	(185,475)	(34,356)	<b>(486,796)</b>	(681,974)
Planned maintenance	(2,483)	(4,785)	(283)	<b>(7,551)</b>	(43,621)
Major repairs expenditure	(26,208)	(53,882)	(21,280)	<b>(101,370)</b>	(152,536)
Bad debts	(117,571)	(62,565)	(2,649)	<b>(182,785)</b>	(77,989)
Depreciation of housing properties:					
- annual charge	(188,805)	(100,689)	(21,186)	<b>(310,680)</b>	(294,880)
- accelerated depreciation	(48,254)	(970)	-	<b>(49,224)</b>	-
<b>Operating expenditure on social housing lettings</b>	<b>(2,500,439)</b>	<b>(2,741,006)</b>	<b>(200,406)</b>	<b>(5,441,851)</b>	<b>(5,758,673)</b>
<b>Operating surplus/(deficit) on social housing lettings</b>	<b>240,939</b>	<b>(135,404)</b>	<b>210,311</b>	<b>315,846</b>	<b>182,801</b>
<b>Void losses (memorandum only)</b>	<b>(196,616)</b>	<b>(112,606)</b>	<b>(18,964)</b>	<b>(328,186)</b>	<b>(379,043)</b>

**6 Particulars of turnover from non-social housing activities**

	2016 £	2015 £
<b>Advice Services:</b>		
Legal aid including costs & disbursements recovered	<b>659,144</b>	668,948
Grant contract incomes:		
Brighton & Hove City Council	<b>80,000</b>	149,660
Eastbourne Borough Council	<b>64,500</b>	56,500
Hastings Borough Council	<b>5,524</b>	10,631
Legal Aid Agency	-	26,647
MacMillan	<b>105,502</b>	135,443
Brighton CAB – Advice Service Transition Fund	<b>35,023</b>	65,460
Wealden Citizens Advice Bureau - Advice Service Transition Fund	<b>14,216</b>	45,912
Lewes Advice CAB - Advice Service Transition Fund	<b>8,391</b>	16,559
Hastings CAB - Advice Service Transition Fund	<b>29,682</b>	48,582
Big Lottery - Eastbourne Advice Centre Housing Access Project	<b>73,081</b>	71,285
Big Lottery - Eastbourne Advice Service Transition Fund	<b>91,199</b>	171,921
Big Lottery - Hastings Advice Centre Housing Access Project	<b>72,647</b>	72,143
East Sussex County Council	<b>40,000</b>	28,924
Supporting People	<b>163,800</b>	135,800
Donations, fundraising and other income	<b>9,037</b>	6,751
<b>Total for Advice Services</b>	<b>1,451,746</b>	<b>1,711,166</b>

**Notes forming part of the financial statements for the year ended 31 March 2016 (continued)**

**6 Particulars of turnover from non-social housing activities (continued)**

	2016	2015
	£	£
<b>Day Centre</b>		
Grant contract incomes:		
Brighton & Hove PCT	122,283	122,284
Brighton & Hove City Council	74,302	142,160
Big Lottery Fund – (Note 28)	74,639	73,053
Heritage Lottery Grant	45,006	44,041
Garfield Weston	-	10,000
University of Sussex	-	5,852
Rough Sleepers	5,000	18,627
Lunches	4,638	7,632
Release of capital grant	6,800	6,800
Donations, fundraising & other income	101,370	49,280
<b>Total for Day Centre</b>	<b>434,038</b>	<b>479,729</b>
	2016	2015
	£	£
<b>Non-housing rent income</b>		
Renaissance House	45,596	45,312
St Leonards Road	-	18,957
<b>Total for non-housing rent income</b>	<b>45,596</b>	<b>64,269</b>

**Notes forming part of the financial statements for the year ended 31 March 2016 (continued)**

**6 Particulars of turnover from non-social housing activities (continued)**

	2016	2015
	£	£
<b>Other Activities</b>		
Grant contract incomes:		
Supporting People – Floating Support	509,664	1,119,435
Big Lottery – Firm Foundations (Note 28 – Private Accommodation Access Team)	81,383	71,844
Brighton & Hove City Council	63,333	20,000
Big Lottery – Threshold	-	42,640
Big Lottery – Whitehawk Inn	101,563	-
Brighton & Hove PCT	232,358	236,548
Big Lottery – Finding Futures (Note 28)	141,026	141,313
Revolving Doors Agency	-	10,000
University Placements BFS/EFS/S4H	2,520	9,880
ESCC KS4 Engagement	-	903
Big Lottery - Fulfilling Lives (Note 28)	1,080,060	454,160
Esmee Fairbairn	-	35,000
DWP	38,501	4,043
Education Funding Agency	-	2,460
East Sussex Probation Board	-	21,698
East Brighton Community Mental Health Team	33,400	51,401
Funding for office move	-	85,000
Inspire Funding	14,800	15,867
CfBT Advice and Guidance Ltd	8,328	-
Moneyworks	13,406	-
Course Fees	33,991	-
Room Hire	20,130	-
BHT IT Solutions	74,818	68,634
Whitehawk Inn Gift (Note 29)	46,408	-
Donations, fundraising and other income	26,314	75,547
<b>Total for other activities</b>	<b>2,522,003</b>	<b>2,466,373</b>
<b>Turnover from non-social housing activities</b>	<b>4,453,383</b>	<b>4,721,537</b>

**Notes forming part of the financial statements for the year ended 31 March 2016 (continued)**

**7 Units of housing stock**

	2016 Number	2015 Number (Restated)
General needs social housing	128	128
Supported housing	142	142
Total social housing units	270	270
<b>Total owned</b>	<b>270</b>	<b>270</b>
Accommodation managed for others	346	384
<b>Total managed accommodation</b>	<b>616</b>	<b>654</b>
Units managed by other Trusts	164	164
<b>Total owned and managed accommodation</b>	<b>780</b>	<b>818</b>

**8 Operating surplus**

	2016 £	2015 £
The operating surplus is arrived at after charging:		
Depreciation of housing properties - annual charge	310,680	294,880
- accelerated depreciation	49,224	-
Depreciation of other tangible fixed assets	129,587	164,113
Operating lease charges – land & building	612,029	591,495
Auditors' remuneration (excluding VAT):		
- fees payable to the trust's auditor for the audit of the annual accounts charge	18,245	31,639
- fees for tax computations	-	1,968
- fees for other non-audit services	14,080	960

**Notes forming part of the financial statements for the year ended 31 March 2016 (continued)**

**9 Employees**

	2016 £	2015 £
Staff costs (including Executive Management Team) consist of:		
Wages and salaries	5,772,840	5,979,782
Social security costs	488,113	507,784
Cost of defined contribution scheme	208,132	152,809
	<b>6,469,085</b>	<b>6,640,375</b>

The average number of employees (including Executive Management Team) expressed as full time equivalents (calculated based on a standard working week of 37 hours) during the year was as follows:

	2016 £'000	2015 £'000
Administration	150	155
Frontline Staff	63	65
	<b>213</b>	<b>220</b>

The full time equivalent number of staff receiving remuneration, including company pension contribution, in excess of £60,000 was:

	2016 No.	2015 No.
£60,000 - £69,999	-	1
£70,000 - £79,999	1	1
£80,000 - £89,999	1	-

**10 Directors and senior executive remuneration**

The directors are defined as the members of the Board of Management, the Chief Executive and the Executive Management Team (EMT) disclosed on page 2.

Key management personnel are defined as members of the EMT. Their remuneration is disclosed below:

	2016 £	2015 £
Executive directors' emoluments	229,348	240,833
Contributions to money purchase pension schemes	8,725	11,523
Total	<b>238,073</b>	<b>252,356</b>

None of the members of the Board of Management received any emoluments (2015: nil). The Board of Management received £176 (2015: £152) for board expenses during the year.

The total amount payable to the Chief Executive, who was also the highest paid director in respect of emoluments was £79,411 (2015 - £79,209). Additionally, pension contributions of £3,176 (2015: £2,226) were made to a defined contribution pension scheme on his behalf as an ordinary member of the scheme.

As a member of the Scottish Widows pension scheme, the pension entitlement of the Chief Executive is identical to those of other members.

There were 4 directors in the Trust's defined contribution pension scheme (2015: 4).

**Notes forming part of the financial statements for the year ended 31 March 2016 (continued)**

**11 Board members**

<b>Board member</b>	<b>Remuneration £</b>	<b>Member of: Audit Committee</b>	<b>Finance Committee</b>	<b>Remuneration Committee</b>	<b>Association Board</b>
Joan Mortimer	-		Yes	Yes	Yes
Hugh Burnett OBE DL	-		Yes	Yes	Yes
Anne Caborn	-		Yes	Yes	Yes
Leona Daniel	-	Yes			Yes
Peter Freeman	-	Yes			Yes
Janet Crome	-		Yes	Yes	Yes
Kirsty Coates	-		Yes	Yes	Yes
Steve Foreman	-		Yes	Yes	Yes
Ian Millar	-	Yes			Yes
Valentine Mulholland	-	Yes			Yes
Bill Randall	-		Yes	Yes	Yes

**12 Interest receivable and income from investments**

	<b>2016 £</b>	2015 £
Interest receivable and similar income	<b>4,708</b>	2,289

**13 Interest payable and similar charges**

	<b>2016 £</b>	2015 £
Interest on loans and overdrafts	<b>75,172</b>	79,946

Notes forming part of the financial statements for the year ended 31 March 2016 (continued)

14 Tangible fixed assets – housing properties

	General Needs £	Supported Housing £	Total £
<b>Cost</b>			
At 1 April 2015	14,441,938	9,053,974	23,495,912
Additions:			
- replaced components	95,604	46,591	142,195
- other	12,591	111,925	124,516
Disposals:			
- replaced components	(54,862)	(12,992)	(67,854)
<b>At 31 March 2016</b>	<b>14,495,271</b>	<b>9,199,498</b>	<b>23,694,769</b>
<b>Depreciation:</b>			
At 1 April 2015	(2,767,590)	(1,908,576)	(4,676,166)
Charge for the year	(169,822)	(140,858)	(310,680)
Eliminated on disposals:			
- replaced components	11,209	7,421	18,630
<b>At 31 March 2016</b>	<b>(2,926,203)</b>	<b>(2,042,013)</b>	<b>(4,968,216)</b>
<b>Net book value at 31 March 2016</b>	<b>11,569,068</b>	<b>7,157,485</b>	<b>18,726,553</b>
Net book value at 31 March 2015	11,674,348	7,145,398	18,819,746

The net book value of housing properties may be further analysed as:

	2016 £	2015 £
Freehold	15,606,340	15,708,425
Long Leasehold	2,509,087	2,547,178
Leasehold Improvements	611,126	564,143
<b>At 31 March 2016</b>	<b>18,726,553</b>	18,819,746

Total Social Housing Grant received is as follow:

	2016 £	2015 £
Capital Grant – Housing Properties	15,815,224	15,815,224

Total Trust expenditure in 2016 on works to existing properties was £862,428 (2015: £1,188,299) of which £266,711 (2015: £253,541) has been capitalised. Of the amounts capitalised, £142,195 (2015: £236,751) relates to the replacement of components whilst £124,516 (2015: £16,760) relates to the enhancement of properties.

A full valuation was last carried out as at 31 March 2014, at which time the Trust's Freehold and Long Leasehold housing properties were valued at £16,240,000 (Existing Use Value – Social Housing). On 8 July 2015, the Summer Budget included the announcement that the Government will reduce rents in social housing in England by 1% a year for four years from April 2016. The Government indicated that this will result in a 12% reduction in average rents by 2020/21, compared to current forecast. This triggered an indicator of impairment and a full review was performed. The Trust has considered the properties economic viability and expected future financial performance and no impairment was required.

The valuation was undertaken by Jones Lang LaSalle (formerly King Sturge LLP), the Trust's professional external valuer and was prepared in accordance with the Royal Institute of Chartered Surveyors' (RICS) Valuation Standards 7<sup>th</sup> Edition ("Red Book"). The valuation method discounts the cash flow from rental income less management and repairs expenditure to their present value using a discount rate. A discount rate of between 6% and 6.5% was applied to all rental stock. The rental income growth assumption is in accordance with the Rent Influencing Regime and at is a rate of CPI plus 1% per annum.

The Trust had property with a net book value of £18,726,553 pledged as security at 31 March 2016 (2015: £18,819,746).

Notes forming part of the financial statements for the year ended 31 March 2016 (continued)

15 Tangible fixed assets - other

	Freehold Non-Housing Property £	Fixtures, Fittings and Equipment £	IT Equipment and Software £	Total £
<b>Cost or valuation</b>				
At 1 April 2015	1,772,419	315,585	695,363	2,783,367
Transfer in from Whitehawk Inn (Note 29)	128,700	77,876	4,740	211,316
Additions	43,476	3,649	21,152	68,277
<b>At 31 March 2016</b>	<b>1,944,595</b>	<b>397,110</b>	<b>721,255</b>	<b>3,062,960</b>
<b>Depreciation</b>				
At 1 April 2015	(222,511)	(262,777)	(592,081)	(1,077,369)
Transfer in from Whitehawk Inn (Note 29)	(114,196)	(76,199)	(4,740)	(195,135)
Charge for year	(31,187)	(28,887)	(69,513)	(129,587)
<b>At 31 March 2016</b>	<b>(367,894)</b>	<b>(367,863)</b>	<b>(666,334)</b>	<b>(1,402,091)</b>
<b>Net book value at 31 March 2016</b>	<b>1,576,701</b>	<b>29,247</b>	<b>54,921</b>	<b>1,660,869</b>
Net book value at 31 March 2015	1,549,908	52,808	103,282	1,705,998

Total Capital Grant received is as follow:

	2016 £	2015 £
Capital Grant – Freehold Non-Housing Properties	680,000	680,000

16 Debtors

	2016 £	2015 £
<b>Due within one year</b>		
Rent and service charge arrears	348,423	374,981
Less: Provision for doubtful debts	(153,048)	(184,369)
	195,375	190,612
Other debtors	445,318	464,629
Prepayments and accrued income	860,150	915,241
	1,500,843	1,570,482

17 Creditors: amounts falling due within one year

	2016 £	2015 £
Loans and borrowings (note 20)	61,969	61,168
Trade creditors	253,187	275,905
Taxation and social security	164,023	150,062
Other creditors	251,451	212,671
Accruals and deferred income	766,881	1,295,970
Deferred Capital Grant (note 19)	164,952	164,953
	1,662,463	2,160,729

**Notes forming part of the financial statements for the year ended 31 March 2016 (continued)**

**18 Creditors: amounts falling due after more than one year**

	2016 £	2015 £
Loans and borrowings (Note 20)	686,390	748,390
Deferred Capital Grant (Note 19)	13,223,006	13,387,956
	<b>13,909,396</b>	<b>14,136,346</b>

**19 Deferred Capital Grant**

	2016 £	2015 £
At 1 April	13,552,910	13,717,862
Released to income during year	(164,952)	(164,953)
At 31 March	<b>13,387,958</b>	<b>13,552,909</b>

	2016 £	2015 £
In one year or less, or on demand	164,952	164,953
In more than one year but not more than two years	164,952	164,952
In more than two years but not more than five years	494,856	494,856
In five years or more	12,563,198	12,728,148
	<b>13,387,958</b>	<b>13,552,909</b>

**20 Loans and borrowings**

Maturity of debt:

	Bank Loans 2016 £	Bank Loans 2015 £
In one year or less, or on demand	61,969	61,168
In more than one year but not more than two years	62,312	60,690
In more than two years but not more than five years	198,268	190,360
In five years or more	425,810	497,340
	<b>748,359</b>	<b>809,558</b>

Loans are secured by specific charges on the housing properties of the Trust. The loans bear interest at fixed rates ranging from 9.25% to 13.375% or at variable rates calculated at a margin above the London Inter Bank Offer Rate. There were no issue costs associated with the loans.

At 31 March 2016 the Trust had undrawn overdraft facility of £500,000 (2015: £500,000). There were no issue costs associated with this overdraft facility.

## Notes forming part of the financial statements for the year ended 31 March 2016 (continued)

### 21 Provisions for liabilities

	Dilapidations £
At 1 April 2015	153,548
Released to income and expense	(14,190)
At 31 March 2016	139,358

This represents a provision for amounts due in respect of dilapidation costs for properties. These amounts are due to be paid prior to lease expiry.

### 22 Pensions

#### Defined Contribution Scheme

A defined contribution pension scheme is operated by the Trust on behalf of the employees. The assets of the scheme are held separately from those of the Trust in an independently administered fund provided by Scottish Widows. The pension charge represents 4% (2015: 3%) of pensionable salary contributions payable by the Trust to the fund and amounted to £208,132 (2015: £152,809). Contributions totalling £26,953 (2015: £28,806) were payable to the fund at the year end and are included in creditors.

Three (2015: 5) staff previously employed by the NHS who transferred to the Trust under TUPE rules belong to the NHS pension scheme. 2 members have left during the financial year. Membership of this scheme is not open to other BHT members of staff. The Trust contributes 14% of their pensionable salaries of members to this scheme.

### 23 Contingent liabilities

Grants received in respect of leasehold improvements of £703,244 have been written off to the income and expenditure account. The conditions for the repayment of one of these grants are set out below:

Brighton and Hove Clinical Commissioning Group has made grants of £453,930 (2015: £453,930). The Trust will be required to pay a penalty to them if any of the associated leases are sold prior to their expiry. The penalty would be the total value of the capital grant limited to the maximum open market premium achievable for the sale of the lease. This is secured by way of charge over the leasehold properties. The Trust has no plans to sell the lease prior to its expiry.

The Trust received Social Housing Grants which were used to fund the acquisition and development of housing properties and their components. Grant of £2,908,314 received in respect of housing properties held at 31 March 2015 was credited to reserves in respect of adoption of historic cost. The Trust has a future obligation to recycle such grant once the properties are disposed of. At 31 March 2016, the value of grant received in respect of these properties that had not been disposed of was £12,748,758. In addition non-social housing grants of £639,200 had been received in respect of properties that had not been disposed of.

The Trust has no plans to sell properties so no provision has been recognised in these financial statements.

## Notes forming part of the financial statements for the year ended 31 March 2016 (continued)

### 24 Operating leases

The Trust had minimum lease payments under non-cancellable operating leases as set out below:

<b>Amounts payable as Lessee</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Not later than 1 year	<b>1,399,808</b>	1,687,181
Later than 1 year and not later than 5 years	<b>3,142,446</b>	3,596,317
Later than 5 years	<b>3,036,336</b>	3,716,097
<b>Total</b>	<b>7,578,590</b>	8,999,595

<b>Amounts receivable as Lessor</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Not later than 1 year	<b>5,834,892</b>	6,463,450
Later than 1 year and not later than 5 years	-	38,506
<b>Total</b>	<b>5,834,892</b>	6,501,956

Average rents receivable from tenants per week	<b>111,075</b>	117,824
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### 25 Capital commitments

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Commitments contracted but not provided for	-	166,806
	-	166,806

Capital commitments for the Trust will be funded as follows:

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Existing reserves	-	166,806
	-	166,806

### 26 Related party disclosures

There were no related party transactions.

### 27 Members' Liability

The Trust has no share capital and the liability of the members is limited by guarantee as set out in the provisions of the Memorandum and Articles of Association.

Each of the 18 (2015: 19) members has undertaken to contribute £1 in the event of the Trust being wound up.

## Notes forming part of the financial statements for the year ended 31 March 2016 (continued)

### 28 Capital and Reserves

#### Capital Reserves

The Board have decided to transfer the capital reserves to the income and expenditure reserve. The capital reserve was created many years ago and the reasons for its existence are no longer relevant.

#### Designated Reserves

The designated reserve established for fixed assets and major repairs has been transferred to income and expenditure reserves. These designated reserves have been de-designated by the Board in line with the reserves policy. Reserves are reviewed and monitored by the Board.

#### Restricted Reserves

	1 April 2015	Incoming Resources	Resources Expended	31 March 2016
	£	£	£	£
Firm Foundations	(28,475)	28,475	-	-
Advice Plus	9,609	-	-	9,609
The Academy	32,767	101,043	(80,588)	53,222
Reaching Communities /First Impressions	53,817	74,639	(64,616)	63,840
Finding Futures	(2,161)	141,026	(116,779)	22,086
Fulfilling Lives	22,586	1,080,060	(516,168)	586,478
Private Accommodation Access Team	59,979	81,383	(45,411)	95,951
Eastbourne Advice Services	86,662	91,199	(119,548)	58,313
Eastbourne Housing Access	104,505	63,376	(38,023)	129,858
Hastings Housing Access	93,953	72,647	(12,688)	153,912
East Brighton Gateway	-	100,647	(97,560)	3,087
Serendipity	-	1,500	-	1,500
East Brighton New Deal for Communities	-	14,465	-	14,465
Department for Education and Skills	-	484	-	484
<b>TOTAL</b>	<b>433,242</b>	<b>1,850,944</b>	<b>(1,091,381)</b>	<b>1,192,805</b>

The Academy Big Lottery grant is reported within other social housing activities – grant contract and other income of £1,229,225 (2015: £1,170,499) as reflected in note 4.

### 29 Whitehawk Inn transfer

On the 1 April 2015 the Whitehawk Inn, an education and training charity joined the Trust, thereby adding to the Trust's ability to deliver its Mission and to deliver services in East Brighton where the Trust had previously little activity.

Net assets of £46,408 were transferred to the Trust as a gift. These comprised:

	£
<b>Assets</b>	
Cash	127,727
Fixed Assets at cost	211,316
Fixed Assets accumulated depreciation	(195,135)
Debtors	17,668
<b>Total Assets</b>	<b>161,576</b>
<b>Liabilities</b>	
Trade Creditors	13,222
Other Creditors	101,946
<b>Total Liabilities</b>	<b>115,168</b>
<b>Net Assets transferred as a gift</b>	<b>46,408</b>

**Notes forming part of the financial statements for the year ended 31 March 2016 (continued)**

**30 Financial Instruments**

The Trust's financial instruments may be analysed as follows:

	2016 £	2015 £
<b>Financial Assets</b>		
Financial assets measured at historical cost		
- Trade receivables	348,423	374,981
- Other receivables	1,305,468	1,379,870
- Cash and cash equivalents	2,194,790	2,180,632
<b>Total financial assets</b>	<b>3,848,681</b>	<b>3,935,483</b>

	2016 £	2015 £
<b>Financial Liabilities</b>		
Financial liabilities measured at amortised cost		
- Loans payable	748,359	809,558
Financial liabilities measured at historical cost		
- Trade creditors	253,187	275,905
- Other creditors	1,182,355	1,658,704
<b>Total financial liabilities at historic cost</b>	<b>1,435,542</b>	<b>1,934,609</b>
<b>Total financial liabilities</b>	<b>2,183,901</b>	<b>2,744,167</b>

**31 First time adoption of FRS 102**

This is the first year that Brighton Housing Trust has presented its results under FRS102. The last financial statements prepared under the previous UK GAAP were for the year ended 31 March 2015. The date of transition to FRS102 was 1 April 2014. Set out below are the changes in accounting policies which reconcile the surplus for the financial year ended 31 March 2015 and the total reserves as at 1 April 2014 and 31 March 2015 between UK GAAP as previously reported and FRS102.

	Reserves as at 1 April 2014 £	Surplus for year ended 31 March 2015 £	Reserves as at 31 March 2015 £
<b>As previously stated under former UK GAAP</b>	6,387,614	260,738	6,648,352
Housing Property:			
Non-Social Housing Grant release	a 703,244	-	703,244
Non-Social Housing depreciation	a (317,146)	1,526	(315,620)
Social Housing – depreciation	b (1,907,560)	(79,704)	(1,987,264)
Social Housing Grant – amortisation	b 2,750,162	158,152	2,908,314
Provision for dilapidations	c (161,011)	7,463	(153,548)
<b>Total Housing Property</b>	<b>1,067,689</b>	<b>87,437</b>	<b>1,155,126</b>
Other Assets:			
Capital Grant release	d 32,037	-	32,037
Depreciation	d (36,924)	(6,356)	(43,280)
Capital Grant – amortisation	d 27,200	6,800	34,000
<b>Total Other Assets</b>	<b>22,313</b>	<b>444</b>	<b>22,757</b>
<b>Total Transitional Adjustments</b>	<b>1,090,002</b>	<b>87,881</b>	<b>1,177,883</b>
<b>As stated in accordance with FRS 102</b>	<b>7,477,616</b>	<b>348,619</b>	<b>7,826,235</b>

**31 First time adoption of FRS 102 (continued)**

**Explanation of changes to the previously reported surplus and reserves.**

- a. Non-social housing grants can no longer be offset against the cost of the asset within fixed assets. These grants, for short leasehold properties, are non-repayable and have been released to reserves. One grant has a covenant attached and this has been disclosed as a contingent liability in note 23.

The effect on the 1 April 2014 balance sheet is twofold: firstly, a movement of £703,244 being the release of the non-social housing grant and secondly an increase of £317,146 in depreciation charge where the assets had previously been depreciated at cost less the grant value.

The effect on the surplus for the year ended 31 March 2015 is a release of £1,526 depreciation following recalculation.

- b. Social Housing Grant can no longer be offset against the cost of the housing property within fixed assets and under section 24 of FRS 102, where properties are held at historic cost, the related social housing grant will be recognised initially under the performance model with subsequent grants measured using the 'accrual model' with the grant amortised over the life of the structure and components of the property.

The effect on the 1 April 2014 balance sheet has been a net movement of £13,065,062 of grant to long term creditors. This comprises a movement of £15,815,224 being the social housing grant offset by a transfer of £2,750,162 to reserves in respect of the grant amortisation. In the year ending 31 March 2015 a release of grant to reserves of £158,152 has been made in respect of Social Housing Grant plus £6,800 non-housing grant detailed in paragraph 'd' below. A total release of £164,952.

A subsequent increase in depreciation charge of £1,907,560 in the year to 31 March 2014 and £79,704 in the year to 31 March 2015 has adjusted reserves.

The movements to the long term creditor grants during 2014/15 are shown in note 19.

- c. FR102 requires a provision to be made in respect of the cost of dilapidations on properties which are leased by the Trust. The effect on the 1 April 2014 balance sheet is a movement of £161,011 and in the year to 31 March 2015 a release of part this provision of £7,463. The provision is shown as a long term liability and movements are shown in note 21.

- d. Non housing grants can no longer be offset against the cost of the asset within other fixed assets. The grants, for non-housing properties and IT equipment, which are non-repayable have been released to reserves where there are no covenants attached these grants. Grants received for non-housing property where covenants are attached relating to the disposal of the property have been amortised over the period of the lease.

The effect on the 1 April 2014 balance sheet is the movement of £32,037 non housing grant offset by an increase of £36,924 in depreciation charge where assets had previously been depreciated at cost less the grant value and grant amortisation of £27,200.

The effect on the surplus for the year ended 31 March 2015 is an additional depreciation charge of £6,356 offset by grant amortisation of £6,800 in respect of Non Housing Grant. In addition £158,152 in respect of Social Housing Grant has been released as detailed in paragraph 'b' above. A total release of £164,952.

The movements to the long term creditor grants during 2014/15 are shown in note 19.