

Stockport Homes Limited

Company Limited by Guarantee
Financial Statements

Year ended 31 March 2017

Company Number: 04521257

Registered Social Housing Provider
Homes and Communities Agency number: 4619

Stockport Homes Limited

Report and Financial Statements for the year ended 31 March 2017

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Stockport Homes Limited

Executives and advisors for the year ended 31 March 2017

Board of management

David Beckett	
John Bowker	
Robin Burman, Chair from 26.09.16	Appointed 26.09.16
Thomas Roland Dotchin	
Peter Fitzhenry	Appointed 26.09.16
Josephine Hague	
Sarah Keenan	Appointed 26.09.16
Kenneth Lee	
Jenny Osbourne	
Paul Porgess	Resigned 26.09.16
Alanna Vine	
Christine Woolridge	
David Wright, Chair to 26.09.16	Resigned 26.09.16

Executive management

Helen McHale	Chief Executive	
Sandra Coleing	Director of Corporate Services	
April Higson	Director of Neighbourhoods and Support	
Mark Hudson	Director of Technical and Commercial Services	Resigned 08.09.2016)
Carmel Chambers	Director of Finance	
Simon Welch	Acting Director of Operations	(appointed 01.01.2017)

Registered office
Stockport Homes Ltd
1 St. Peter's Square
Stockport
Cheshire
SK1 1NZ

Principal Solicitors
Stockport MBC
Stopford House
Stockport
SK1 3XE

Auditors
Beever and Struthers
St George's House
215-219 Chester Rd
Manchester
M15 4JE

Bankers
Barclays Bank Limited
PO Box 190
Leeds
LS1 5WU

Stockport Homes Limited

Report of the Board of Management for the year ended 31 March 2017

The Directors present their report and the audited Financial Statements for the year 1 April 2016 to 31 March 2017. The report and accompanying statements have been compiled in line with the Statement of Recommended Practice (SORP) for registered social housing providers (2014). Stockport Homes complies with the revised NHF Excellence in Governance Code for members which ensures the highest standards of corporate governance. These Financial Statements include the results of Stockport Homes Limited and its subsidiary companies, Three Sixty SHG Limited and Viaduct Partnerships Limited.

Principal activities and review of business

The Company's principal activity is to manage and maintain the stock of properties owned by Stockport Metropolitan Borough Council including the management of the capital programme for the build and modernisation of the properties, which numbered 11,287 at 31 March 2017. This is covered in further detail in the strategic report.

Qualifying third party indemnity provisions

The company has no qualifying third party indemnity provisions in place for the directors of Stockport Homes Limited.

Value for money

At the forefront of Stockport Homes' financial management is its consistent and dedicated approach to value for money. Efficiency targets set for 2016/17 have been exceeded. This is explained in more detail in the following section. Stockport Homes produces an Annual Report for customers which includes information on value for money in a customer focused way. It is available on the Stockport Homes website. In addition customers can find out more about value for money or make suggestions on Stockport Homes' approach through the website - <http://www.stockporthomes.org/about-us/how-we-are-doing/value-for-money/>. More detailed information is included in the annual Performance Report, which was presented to the Board on 3 July 2017.

Robust approach to decision making

Stockport Homes has a Value For Money Strategy that was approved by the Board in June 2015 and covers 2015 to 2018, setting out three key priority areas. This is underpinned by a Service Improvement Plan which is reported to the Board on an annual basis. Regular meetings are held with budget managers to discuss value for money and the Performance and Improvement Team work with the accountants to classify and verify service efficiencies. The organisation understands the difference between value for money efficiencies and budget reductions. It keeps an efficiency log to capture both cashable and non-cashable efficiencies. Recent examples of value for money efficiencies recorded include:- procuring services through a consortium arrangement, saving £82,000; delivering branding for the new Head Office in-house rather than procuring the service, saving £15,000; centralising the purchasing of stationery, saving £10,000; reducing the number of anti-social behaviour cases requiring legal action by employing Positive Engagement Officers, saving £36,200; bringing a sheltered and low-rise building cleaning contract in-house, saving £29,000. All of these initiatives and others have maximised efficiencies that are now available to be reinvested into service delivery.

Stockport Homes Limited

Report of the Board of Management for the year ended 31 March 2017 (continued)

Optimising Return on Assets

Efficiencies realised at year end amount to £1,374,557. This represents 4.91 per cent of the management fee and meets the target set for the 2016/17 financial year of three per cent. This approach continues to demonstrate the commitment and expertise of Stockport Homes in delivering and evidencing value for money as has been the case in recent years.

Year	Value for money efficiencies as a percentage of management fee	Value
2012/13	3.39 per cent	£825,330
2013/14	3.57 per cent	£858,727
2014/15	3.19 per cent	£811,707
2015/16	4.07 per cent	£1,078,974
2016/17	4.91 per cent	£1,374,557

As a result of this committed approach, Stockport Homes has delivered services provided by the management fee with optimum efficiency, resulting in a surplus position at the year-end. Overall there were net cash inflows from operating activities of £3,607,000 (2016: £2,510,000 inflow). To date, cash reserves totalling £1.23million have been invested in initiatives that continue to generate future income streams for the organisation whilst furthering the organisation's objectives. A significant proportion of the reserves position at the 31 March 2017 is made up of projects that are committed to be spent during the coming financial year, or are ear-marked reserves for planned initiatives and projects which will in turn lead to longer term efficiencies. Stockport Homes continues to operate in an increasingly difficult economic environment and will therefore continue to manage its finances during the coming year to address this.

Stockport Homes continued to make the best use of available cash resources by making short-term investments, within the Treasury Management Policy parameters, during 2016/17. However returns remained relatively low during the period due to the ongoing difficult global economic conditions.

Stockport Homes is committed to delivering social value, not just financial savings, through services and procurement to optimise the outcomes achieved from the resources invested. Social value refers to the economic, environmental and social benefits created for our customers and the community. A wide range of services across Stockport Homes deliver social value, reflecting the organisation's mission to transform lives.

During 2016/17, Stockport Homes has measured the social value generated by several specific projects to demonstrate their impact. For example, the Housing Support service undertook a survey with 37 customers between April and November 2016, using questions from the Housing Associations' Charitable Trust (HACT) survey methodology. This demonstrated a range of social outcomes for customers, including 24 percent stating they now feel in control of their life; 22 percent stating that their confidence had improved; and 19 percent seeing an improvement in their overall health after accessing the support service.

Stockport Homes Limited

Report of the Board of Management for the year ended 31 March 2017 (*continued*)

Performance management and Scrutiny

The Management Team and Leadership Forum continue to manage and scrutinise the organisation's finances with monthly reviews of management accounts, variance analysis and continual forecasting. This allows thorough transparency on monies available and effective decision making in the release of monies for expenditure within the business. Business planning remains a primary focus for Stockport Homes, with the aim of achieving a comprehensive understanding of the organisation's threats and opportunities going forward.

Services are also subject to scrutiny by the Customer Scrutiny Panel. In 2016/17 this has resulted in a number of cost and quality recommendations to improve the value for money of service delivery to customers. Membership of the Panel is open to all tenants and leaseholders of Stockport Homes and customers can apply to join the panel or see the outcomes of previous reviews on Stockport Homes' website - <http://www.stockporthomes.org/about-us/how-we-are-doing/customer-scrutiny-panel/>

Understanding costs and outcomes

Stockport Homes has continued to consistently out-perform the key financial assumptions within the HRA Business Plan but this will continue to be increasingly difficult in future, as both rent and the ability of many customers to pay, reduces. Stockport Homes and the Council are jointly seeking to mitigate the impact of this by working together to ensure sustainable budgets for the HRA going forward, combining maximum efficiency targets with continually looking at how things can be done differently to maintain and supplement core services.

Stockport Homes has continued to address the impact on its own business through a combination of making efficiencies and growing its commercial income. Most notably, during 2016/17 it has moved towards a group structure, establishing two subsidiary companies. The companies are Viaduct Partnerships Limited and Three Sixty SHG Limited. Viaduct is a Development Company that will work in partnership with Stockport MBC to increase the supply of affordable housing both within and outside of the Borough. Three Sixty is primarily a Construction Services Company, delivering investment works on the Council's housing stock in a cost effective and socially valuable way.

Overall Stockport Homes' priorities will continue to be the provision of high quality management, maintenance and support services to core customers, but advantage will be taken over the next five years of its entrepreneurial culture to expand the business into new sectors and bring in non-rent income. This will include continuing to grow and develop the Group Structure including the establishment of a charitable subsidiary and bidding for new contracts which support core customers in ways beyond its traditional remit. Stockport Homes' sound financial planning and management tools ensure it has visibility at all times of available resources and future investment opportunities. The organisation's ethos will remain to invest in the short term, where it can, in initiatives that will bring efficiencies in the medium or longer term.

Stockport Homes manage the HRA business plan and much of its operational activity, such as minimising rent arrears, which significantly impacts on the health and success of the HRA. The financial performance for the HRA 2016/17 exceeded the revised business plan forecast performance due to strong voids and rent recovery performance despite the challenges of Welfare Reform and increased right to buys, which is another example of the strong management and performance of the organisation. Challenges with the business plan continue with increasing right to buys coupled with lower than modelled rent increases. The business plan is continually refreshed to reflect these challenges and the updated business plan will be considered by the Audit and Risk Sub Group during 2017.

Key performance indicators, measuring both cost and quality, are reported on regularly throughout the year to the Management Team, Leadership Forum and the Business Development Sub Group. This

Stockport Homes Limited

Report of the Board of Management for the year ended 31 March 2017 (continued)

supports the understanding of linkages between costs and outcomes. Alongside this customers are asked which indicators are most important to them and these are known as the 'customer super six'. The indicators, which cover cost, quality and processes, are reported in the customer newsletter and are available to view on the Stockport Homes website - <http://www.stockporthomes.org/about-us/how-we-are-doing/customer-super-six/>

Compliance with Governance and Financial Viability Standard

Stockport Homes operates within the Homes and Communities Agency Regulatory Framework for Social Housing in England. The framework applies only to the properties owned by Stockport Homes Limited and the company is classed as a 'small provider'. Although there is a requirement in the regulatory framework for the Board to set out compliance with the 'Governance and Financial Viability Standard', Stockport Homes undertook a compliance assessment on the full regulatory framework to ensure it worked in line with best practice in the sector. The assessment was provided to the Board and it confirmed that Stockport Homes complies with the requirements of the Regulatory Framework for Social Housing in England. As part of this assessment compliance with the Code of Governance was reviewed and confirmed by the Board on 27th March 2017.

Going concern

At its meeting on 5th June 2017, the Board of Stockport Homes Limited approved the statement that in their opinion, Stockport Homes Limited has adequate resources to continue in operational existence for the foreseeable future. Accordingly, it continues to adopt the going concern basis in preparing the financial statements. This was based on the contract in place with Stockport Metropolitan Borough Council (SMBC) to pay Management Fees in return for delivery of housing management and maintenance services, as prescribed in the 27 year Management Agreement that was approved Council's Executive on 21st July 2015.

The financial statements have been prepared on a going concern basis. The company's Balance Sheet shows a net liability position which includes pension liabilities required under FRS 102. SMBC has agreed that it will ensure that SHL is able to discharge its liabilities for the pension costs attributable to Stockport Homes' past, present and future employees. For 2016/17 the pension funds were valued at a liability value of £16.589m as at 31 March 2017 (liability of £11.534m as at 31 March 2016). The position this year has worsened significantly compared with the previous year due to a significantly decreased net discount rate (much lower discount rate, net of slightly higher inflation rates). This has also led to a higher current service cost resulting in an increased charge to the Statement of Comprehensive Income.

On 8th July 2015, the Government announced a 1% year on year decrease in social housing rents over four years from 2016/17. This is compared to previous rent policy which allowed for annual rental increases of CPI + 1%. This affects the HRA Business Plan and Stockport Homes' own rents. This is significant to the HRA Business Plan, and whilst the Directors are still confident of going concern given the extension of the Management Agreement for 27 years, and settlement of a 1% management fee increase for 2017/18, this could mean pressures on the level of management fee Stockport Homes receives in future years, depending on financial capacity within the HRA. Stockport Homes' Board approved a strategy to address the 1% through a combination of capital investment and management fee efficiencies alongside positive performance forecasts on voids and rent collection. This continues to be closely monitored to ensure financial targets are met.

On 26th June 2016, the United Kingdom voted to leave the European Union. Since this time there has been a change in leadership of the current government and a general election is due to take place on 8th June 2017. Whilst the long term impact on social housing policy remains uncertain, it is being kept closely under review.

Stockport Homes Limited

Report of the Board of Management for the year ended 31 March 2017 (*continued*)

Assessment of the effectiveness of internal control

The Board accept their ultimate responsibility for ensuring the Group has in place a robust system of internal control.

Whilst no system can provide absolute assurance or eliminate all risks, the organisation has adopted a system that is appropriate to the work that it undertakes and the environments in which it operates, in order to provide reasonable assurance that:

- key business objectives and targets will be delivered;
- financial and operational information is reliable;
- proper accounting records are maintained;
assets are safeguarded against unauthorised use, loss or disposal.

The system of internal controls includes the following key elements:

- Group Governance Scheme of Delegation setting out the powers and duties of the non-executive and executive Directors. Alongside this exists terms of reference for the two sub-groups and a code of conduct for Board members. The Board and sub-groups receive regular reports outlining the delivery of objectives and outcomes.
- A Risk Management Strategy which describes the framework by which risk and opportunity management takes place within the organisation. A suite of annual risk registers are developed setting out the key organisational risks and the actions to mitigate those risks.
- Internal Audit provides an independent assessment and assurance over key business processes and management controls. The internal audit plan is risk based and updated each year to reflect current areas of risk / audit requirement. The plan is agreed with Board.
- External Audit provides an independent examination of the financial statements prepared by the organisation and auditors are given the opportunity to meet with Board Members without officers present to allow them to raise any concerns directly.
- Strategic and Business Planning Process which includes the thirty year HRA Business Plan, the three year corporate Business Plan and Delivery Plan.
- Development of new business is undertaken following a thorough appraisal of new initiatives, assessment of risk, production of a cost benefit analysis and a defined process for approval.
- Production of monthly management accounts ensures that management have oversight of expenditure, budgeting and forecasting. Financial information is presented to the Board and sub-group on a quarterly basis. This process ensures that any significant variances are investigated and any necessary management action taken to ensure objectives are delivered to budget.
- Group Financial Regulations, a Group Financial Scheme of Delegation and Group Contract Procedure Rules outline the parameters by which expenditure can be undertaken by officers, clearly identifying segregation of duties and the financial approvals required.
- Treasury Management Policy ensures return on investments is in line with company requirements and that only those institutions offering adequate security as defined in the Treasury Management Practices are utilised.

Stockport Homes Limited

Report of the Board of Management for the year ended 31 March 2017 (*continued*)

- A Performance Management Framework which sets out targets, measures and outcomes expected to be delivered over the year and provides regular monitoring reports to Board outlining achievement against key measures, performance indicators and strategic plans and any remedial activity required.
- Recruitment, retention and development of staff ensures that the organisation is led by experienced and knowledgeable individuals and that services can be delivered by qualified and experienced officers.
- Insurance Policies provide cover for a range of losses, liabilities and eventualities to protect and safeguard company assets.
- A range of policies and procedures are in place to guide and direct officers in specific activities. Policies around money laundering, whistle blowing, fraud and bribery exist for staff to follow in the course of their day to day duties.
- Customer Scrutiny Panel and a Customer Feedback Service ensure the organisation is continually monitoring the customer experience and seeking ways in which to improve and strengthen processes.

Board members' responsibilities

The board members are responsible for preparing the strategic report and 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 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 association and of the surplus or deficit of the association 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 2014 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the association will continue in business.

The board members are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the 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.

Stockport Homes Limited

Report of the Board of Management for the year ended 31 March 2017 *(continued)*

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 members. The board members' 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 company'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.

Beever and Struthers have expressed their willingness to continue. A resolution for the re-appointment of Beever and Struthers as auditors of the Association is to be proposed at the forthcoming Annual General Meeting. Beever and Struthers were appointed as auditors on 12th December 2016. The company's previous auditors were BDO LLP.

By order of the Board



Robin Burman
Chair of the Board

Date

Stockport Homes Limited

Strategic report for the year ended 31 March 2017

The Board present the Strategic Report for the year ended 31 March 2017.

The Strategic Report has been compiled in line with best practice as outlined in the Statement of Recommended Practice (SORP) for registered social housing providers (2014). Stockport Homes has continued to operate efficiently, pro-actively and effectively within the terms of the Management Agreement with Stockport Council.

This is the first year that Stockport Homes has operated as a group entity. For branding purposes, Stockport Homes Group (SHG) is adopted to reflect the umbrella role needed over the separate entities within the Group, however the parent company remains Stockport Homes Limited.

Objectives and strategies to achieve those objectives

Mission and Aims

In December 2016, Stockport Homes' Board approved new Group Mission and Aims in light of the move to the group structure and the continued growth and evolution of service delivery. Through the group structure, Stockport Homes continues to explore new business opportunities and is innovating in order to support the Council in the achievement of its objectives and the ever changing economic and political environment in which it operates. Regulation has less emphasis on prescribing how services should be delivered. This has been supported by an end to routine inspections and the growth of customer scrutiny in monitoring front-line services. The organisation feels its vision, mission and aims are flexible and outcome-focused that will allow Stockport Homes to continue to evolve and expand its role to meet the changing demands of its customers, the Council and other stakeholders.

Stockport Homes' Mission and Aims are designed to guide the organisation through the changing environment in which it operates and to help it assist in delivering the Council's objectives:

Mission

One Team - Transforming Lives

Group Aims:

- Be a great place to work
- Be accountable to customers
- Maximise efficiency
- Reduce inequalities
- Build strong, collaborative relationships
- Improve the environment

Stockport Homes Aims

- Engage customers and communities
- Provide comfortable, affordable homes
- Deliver thriving, safe and sustainable neighbourhoods
- Support the Council to meet its aims in Stockport

Three Sixty SHG Aims

- Deliver a quality service
- Offer long-term sustainable employment to people disadvantaged in the labour market
- Generate a surplus to support Stockport Homes Group

Stockport Homes Limited

Strategic report for the year ended 31 March 2017 *(continued)*

Viaduct Partnerships Aims

- Maximise opportunities to build homes across all tenures, using any available funding, with a focus on affordable housing
- Maximise social value in the supply chain by creating local jobs and good quality apprenticeships
- Engage local people in development strategies and design
- Invest surpluses from work done in Stockport into providing more homes

Delivery of Vision, Mission and Aims through strategic, financial and business planning

Delivery of the aims is managed through an effective business planning framework. Annual Business Planning commences with strategic planning sessions with both the Board and the Leadership Forum to shape priorities. Detailed actions to support the achievement of the key aims are developed and set out in the annually produced Service Improvement Plan which is owned by teams through the values framework. Progress against the Service Improvement Plan is regularly reviewed with updates being provided to Stockport Homes Management Team, Leadership Forum and the Business Development Sub Group. A five year Delivery Plan is produced and approved by the Council which sets out the key strategic actions that will support the achievement of the aims.

Stockport Homes has a three year Business Plan which provided a high level overview of the strategic direction of the company from 2014 to 2017. This is currently being reviewed in light of the significant change that is taking place. The broad themes of the Business Plan were determined by Board at their Away Day in March 2017. This will be fully developed for consideration by Board at their July meeting. Alongside the Business Plan, the Group Corporate Finance Strategy will also be revised for consideration at the same meeting.

Business model

Nature of the business

Stockport Homes Limited is an Arms-Length Management Organisation or ALMO. This means that while the Council established the company and is the single shareholder, it operates independently from it on day-to-day matters. Under a 27 year Management Agreement with SMBC, Stockport Homes Limited receives a sum of money to carry out the business of managing and maintaining the housing stock on behalf of SMBC. The Management Fee for 2016/17 totalled £28.183 million (2016: £26.789 million).

During 2016/17 Stockport Homes established two subsidiary Companies, both limited by shares with Stockport Homes Limited as the sole corporate shareholder.

Three Sixty SHG Limited (Three Sixty) is primarily a construction company, established to deliver core elements of the HRA capital programme in a cost effective way whilst maximising social value. Turnover in respect of the capital programme is £304,018 to March 2017 and forecast to be £5,011,508 for the financial year 2017/18. In addition, Three Sixty is also delivering services on behalf of the Building Better Opportunities (BBO) contract which is funded through Big Lottery/ European Social Fund monies. A stipulation of the contract is that employees are offered the Social Housing Pension Scheme (SHPS) which is enabled through delivery via Three Sixty.

Stockport Homes Limited

Strategic report for the year ended 31 March 2017 (continued)

Viaduct Partnerships Limited (Viaduct) is a development company that enables the development of new build for rental purposes to be delivered in a cost efficient way, thereby freeing up more resources for investment. The first scheme to complete through Viaduct is Bredbury Curve, due to start in April 2017. To the end of March 2017, Viaduct has incurred costs of £2,041 but no turnover. The forecast turnover for the financial year 2017/18 is £11,941,526.

Principal activities

The Company's principal activity is to manage and maintain the stock of houses owned by Stockport Metropolitan Borough Council (SMBC), including the management of the capital programme for the modernisation of the properties which numbered 11,287 at 31 March 2017. Stockport Homes Limited manages the allocation of homes and works on behalf of Stockport Council to fulfil a number of their statutory responsibilities including preventing homelessness, managing private sector renewals and disabled adaptations and provision of sheltered housing.

Stockport Homes is also proactive in the development and acquisition of housing stock, both as a registered provider and also on behalf of the Council as a development partner.

Stockport Homes commenced building new build properties in 2009-10 and has been continuing to build and acquire homes since. Stockport Homes now owns a total of 254 properties at the end of March 2017 which includes 97 new build properties built for rent, 69 new build properties built for shared ownership, 54 properties acquired through the Government's Mortgage Rescue scheme, six ex Right-to-Buy properties (RTBs), 26 Empty Homes, 1 property acquired for Market Rent and 1 property acquired for outright sale. Stockport Homes also manage the delivery of the Housing Revenue Account (HRA) new build programme (Council owned properties) and a total of 111 units comprising 78 rented units and 33 shared ownership units have achieved practical completion as at March 2017. The HRA and Stockport Homes currently have pipeline programmes over the next two years to deliver the schemes allocated by the Homes and Communities Agency as part of the bid round 2015-18, alongside other schemes including opportunities to bid for continuous market engagement grants and to undertake S106 schemes from private sector developers.

Stockport Homes is continuing to strengthen its asset base by diversifying into new business areas both within Stockport Homes Limited and through its new subsidiary companies and continually appraising more efficient working mechanisms. In 2016/17 it continued to work with schools, care homes and public buildings to deliver maintenance, repairs and capital works management services, and delivery of private landlord management services. These works continue to prove successful and Stockport Homes will continue to seek opportunities to deliver new services in the most resource effective way.

This will be facilitated by the continued embedding of the group structure. In addition to the two established companies, planning is underway to establish a charitable subsidiary. This will provide a vehicle to deliver many existing programmes in a more efficient way alongside creating opportunities for further growth and diversification into new markets. The group structures project was governed by a Steering Group chaired by the Director of Resources through its implementation phase. The two new companies are now governed operationally by their own steering groups. There is also a specific project group managing the establishment of the Charity, chaired by the Director of Corporate Services.

Stockport Homes' new build development for its new Head Office is due to be completed in June 2017. Works are nearing completion on site and the full Public Works Loan Board (PWLB) borrowing facility of £9.2million has been drawn down. The remainder of the development will be financed using allocated revenue reserves. This building will be owned by Stockport Homes and continues the organisation's theme of longer term invest-to-save initiatives, as well creating a fantastic opportunity to transform the working culture and facilities for customers and staff.

Stockport Homes Limited

Strategic report for the year ended 31 March 2017(continued)

Since Stockport Homes was set up, it has continued to excel, grow and diversify through the acquisition of new services, more efficient ways of working and working closely in partnership with Stockport Council and its family of companies. Stockport Homes prides itself on delivering excellent, value for money services to its customers, and has won many accolades and awards that are testament to this achievement, many of which are highlighted further on in this report.

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

Financial planning

Quality financial management and planning are a key priority for the organisation and Stockport Homes continues to have a strong track record in this area. It recognises that robust financial planning enables the best use of money by ensuring services are delivered in the most cost effective and efficient way. Each year a detailed budget is set that supports the Delivery Plan and Service Improvement Plan objectives. Budget setting for 2016/17 included reviewing priorities with customers and assessing forthcoming risks. As Stockport Homes continues to grow and diversify, the Management Fee, at £28.183m million, continues to be the largest single element of its £40.524 million turnover. However, other income streams are continuing to grow including rental income from owned properties and increasingly income for third party works. In addition, the impact of the group structure significantly increases its overall turnover.

Stockport Homes continues to work in a financially challenging environment including year on year efficiency savings within the Management Fee, alongside additional pressures resulting from Welfare Reform, such as the benefit restrictions for under 35s and the impact of government policy such as the 1% rent reduction. Stockport Homes is responsible for the collection of council housing rental income and collection rates have remained above target, and are amongst the highest in the country despite the challenges of Welfare Reform due to a strong focussed approach on debt prevention and early intervention in arrears cases.

Stockport Homes is responsible for the management and maintenance of the Council's 30 year Housing Revenue Account (HRA) Business Plan. The plan was updated during 2016/17 to reflect the financial impacts of increased right to buys, changes in government rental policy and interest rate changes. There is a clear strategy in place to manage the impact of the 1% rent reduction which was approved by Board in November 2016. This encompasses managing reduced increases in the management fee, outperformance of key financial targets such as rent collection rates and rent loss from voids, and efficiencies in the capital programme. Close monitoring and management enable the impact of varying factors to be assessed, leading to assurance over the affordability of future capital stock investment requirements and management fee requirements.

Financial performance

During 2016/17 the Stockport Homes Management Team continued its strategy to make recurrent efficiencies of at least £1million, with £900,000 efficiencies built into the budget and a clear commitment to achieve the remainder in year. The purpose of this is to ensure that Stockport Homes continues on a strong financial footing in a challenging and changing financial environment. This strategy has been exceeded for the second consecutive year due to innovative contracts management and a continued clear focus in all areas of the Business on identifying savings.

Overall there has been an increase in the net asset value before the pension liability of £4.481 million during 2016/17 due to the effective and efficient financial management of the company. The increase in

Stockport Homes Limited

Strategic report for the year ended 31 March 2017 (*continued*)

revenue reserves will contribute towards the strong financial footing of Stockport Homes into the longer term and will be designated to finance future projects and invest-to-save initiatives that will continue to generate ongoing savings for customers.

It is testimony to Stockport Homes' strong financial control framework and robust governance structure that it continues to generate efficiencies and financial surpluses for investment back into service delivery during challenging operational conditions.

Financial monitoring and reporting

Stockport Homes produces comprehensive monthly management accounts to maintain effective financial control. The accounts include projected year end forecasts each month alongside comprehensive commentaries of variances.

The Company has remained within overall budget throughout the financial year, with the year-end surpluses in line with forecast expectations. Key budget variances related to underspends against repairs and maintenance budgets and premises costs due to efficiencies arising from the utilities contract.

Whilst the turnover of commercial activity in relation to the management fee continues to be relatively small, it has the potential to grow in the coming years and it is the organisation's aspiration to do so. Further diversification and asset growth will be experienced in the coming years as Stockport Homes completes its new Headquarters.

The continued growth and diversification of the Company is set out in the Company's three year Business Plan. The financial governance implications of this period of change are set out in a three year Corporate Finance Strategy that was approved by the Board in March 2014. This strategy provides a clear structure and action plan to financially support and enable the on-going developments during this period of growth and diversification, which is crucial to the ongoing financial governance arrangements and has enabled the Board to focus and set out a clear plan to ensure this governance remains in place. Both documents will be revised in advance of the July Board Meeting.

Future prospects

The Board of Stockport Homes considers that the Company has strong and sound future prospects. This is demonstrated by the following:

- Strong and effective governance arrangements;
- Sound financial planning framework which demonstrates a robust and healthy financial outlook in the short, medium and long term (supported by a 15 year cash flow);
- A clear strategic direction to grow and diversify the business through the development of a group structure, diversification into new and emerging markets and a strong development programme;
- Continued strong performance of key indicators such as rent collection and void turnaround which has contributed to mitigating key financial risks arising from changes in government policy;
- A healthy level of reserves and a proven track record of generating efficiencies for re-investment into invest to save initiatives that generate additional resources.

Principal risks and uncertainties

This section of the strategic report sets out the Company's approach to risk management, alongside an evaluation of key strategic risks.

The organisation has a Risk Management Strategy in place and produces a suite of risk registers on an annual basis. These include a corporate risk register, a HRA risk register and a risk register for each of Three Sixty and Viaduct.

Stockport Homes Limited

Strategic report for the year ended 31 March 2017 *(continued)*

This approach enables the organisation to manage risk and embrace opportunities across the Group, and therefore deliver the agreed strategic objectives. Each year, Stockport Homes assesses the internal and external operating environment and identifies those risks (and opportunities) which could affect business performance. This exercise is carried out as part of the business planning process.

The risk registers describe the risk, the potential consequences if that risk was realised, the ongoing assurance being obtained around that risk, and the actions that have been agreed to be put into place to mitigate and manage the risk further.

The risk registers outline existing and proposed risk control actions which are to be delivered within the financial year and who is responsible for delivery. A director is responsible for each individual risk to ensure that there is strategic leadership of risk management.

The suite of risk registers are approved by the Board and then both the Leadership Forum and the Business Development Sub-Group are provided with a quarterly risk update report. That report describes progress against delivery of risk control actions and identifies any new or emerging risks which the organisation needs to take account of.

One of the risk registers which is produced is the HRA risk register. This has been in place since the organisation became self-financing in 2012. This register is specific to the 30 Year HRA Business Plan and looks at those risks which could affect the achievement of the self-financing business plan or have a negative impact on the assumptions on which the plan is founded, for example around inflation levels or right to buy sales.

Both the Three Sixty and the Viaduct risk registers contain risks (and mitigation actions) which are specific to that particular subsidiary company. The register is approved by the subsidiary board as well as the parent board and monitored regularly.

The principle of risk management is embedded throughout the organisation. There are a number of ways in which this is maintained and developed:

- By ensuring that risk and opportunity management is a key consideration of the business planning process each year
- By ensuring that Leadership Forum actively consider and review the quarterly risk update reports and raise any areas of emerging risk to the Assurance Manager
- By having a Business Transformation Group in place. This group meets at least once a quarter and is a cross Directorate group which monitors the implementation of new corporate projects, considers project risk (both known and emerging), resource allocation and delivery of benefits and outcomes. The Assurance Manager is a member of this Group
- By having an embedded risk management framework that ensures a culture exists which gives due consideration to risk and opportunity facing the organisation
- By setting out an agreed risk appetite for the Group

Stockport Homes Limited

Strategic report for the year ended 31 March 2017 (*continued*)

Strategic risks in 2016-17

For the 2016-17 financial year, the risk register has been reviewed and updated to reflect the 23 corporate risks which the organisation is currently facing.

At the start of the financial year, there were 10 strategic risks which the organisation faced and these are outlined below:

- Significant changes in local and national politics affect the organisation and leads to detrimental effects on social housing
- Insufficient cash resources are available to deliver to sustain the organisation and its ambitions and objectives going forwards
- Rent and water income collection rates are not maintained at best in sector levels
- The organisation fails to properly understand and make plans to mitigate for likely implications of the Housing Bill and Welfare reform proposals and in addition Universal Credit brings additional challenges to customers and the organisation, leading to an increase in arrears
- Diversification into new work areas and insourcing of works brings exposure to new types of market and is not maximised or doesn't break even
- New head office is not delivered to agreed budget
- New head office is not delivered to agreed timescales
- Health and safety obligations to customers aren't fulfilled, including gas safety, fire safety, legionella and asbestos
- Health and safety obligations to staff aren't fulfilled
- IT systems are not resilient enough and readily available to meet business need and IT support from SMBC is not sufficient

Financial and non-financial key performance indicators

Stockport Homes monitors performance against hundreds of indicators and measures. Its corporate performance report, however, focuses on 18 key performance indicators which demonstrate the health of the business. The targets set against these indicators represent Stockport Homes' ambition to improve on the previous year's performance. These 18 indicators are supported by 16 measures which do not have targets and provide a broader illustration of performance across Stockport Homes.

In order to monitor rent collection in the context of Welfare Reform and the roll out of Universal Credit, the two main rent collection measures were mapped against 'best case' and 'worst case' scenarios. Stockport Homes' effective management of rent collection and associated work, such as money advice and rehousing, has resulted in these critical indicators remaining at the 'best case scenario' levels. This shows that the organisation successfully prevented the build-up of significant additional arrears despite the increase in the number of customers in receipt of Universal Credit. The high number of mutual exchanges compared to internal transfers throughout the year has also been positive, reducing rent loss and void costs.

Of the 18 key performance indicators, 11 met targets. Six indicators were outside of the target, but remained within an acceptable tolerance. The average number of days lost to sickness absence was the only indicator that fell outside of the agreed tolerance. Year-end performance was higher than the 7.26 days achieved in 2015/16 and outside of the 7.5 day tolerance. A new sickness absence policy was introduced part way through 2016/17, alongside several new initiatives which are already in the process of being introduced and will work to minimise sickness next year. These will provide refresher guidance to managers in managing sickness.

Stockport Homes Limited

Strategic report for the year ended 31 March 2017 (continued)

Performance indicators monitored at corporate level in 2016/17		
Performance indicator	2016/17 target	2016/17 outturn
Percentage of domestic properties with a valid gas safety certificate - excluding leaseholders	100%	100%
Percentage of commercial properties with a valid gas safety certificate	100%	100%
Percentage of domestic properties with a valid Fixed Wire Testing certificate	100%	100%
Percentage of communal properties with a valid Fixed Wire Testing certificate	100%	100%
Percentage of commercial properties with a valid Fixed Wire Testing certificate	100%	100%
Repairs completed 'right first time'	85.0%	80.8%
Overall satisfaction with the quality of service during investment work programmes	98%	97.1%
Complainants who would use the complaints service again	98%	95.06%
Ratio of Stockport Homes homelessness preventions to homeless acceptances	4:1	3.4:1
Ratio of mutual exchanges to internal transfer	1:2.5	1:1.3
Average energy performance rating of properties	90%	90.03%
Percentage of estate inspections rated at least "good"	97%	95.19%
Percentage of ASB complainants satisfied with the outcome of their cases	98.5%	96.63%
Average time taken to re-let dwellings (all re-lets)	12 days	11.8 days
Percentage of efficiencies as a proportion of the management fee	3%	4.91%
Average number of days lost due to sickness per employee	6 days	8.04 days
Rent collected as a percentage of rent due	100.20% (best case scenario)	100.09%
Rent arrears of current tenants as a percentage of rental debit	0.87% (best case scenario)	0.87%

Stockport Homes Limited

Strategic report for the year ended 31 March 2017 (continued)

There are five Stockport Homes' corporate indicators and one measure for which performance can be benchmarked against other social housing organisations.

At the end of quarter three, Stockport Homes' performance was positive, with four indicators in the upper quartile of performance for both ALMOs and social housing organisations. Furthermore, Stockport Homes achieved first position among ALMOs for three of the indicators benchmarked.

Performance against the sickness absence indicator fell outside of the upper quartile of performance, but remains above the median performance when compared to both ALMOs and all housing organisations. Rent collection performance is not comparable in-year and benchmarking data will be provided at year end.

Benchmarking information against year-end performance for all six indicators will be available from Housemark at the end of May 2017.

	Performance at December 2016	All ALMOs		All Housing Organisations	
		Position	Base	Position	Base
Percentage of dwellings with a valid gas safety certificate	100%	1 st	33	1st	227
Rent collected as a percentage of rent owed (excluding arrears)	Comparable data will be available at year-end				
Rent arrears of current tenants as a percentage of rental debit	1.13%	2nd	27	8th	208
Percentage of rent lost through dwellings being vacant	0.37%	1 st	26	14th	211
Average days lost due to sickness per employee	6.28 days	11 th	26	75th	174
Average time taken to re-let empty dwellings (standard re-lets)	10.07 days	1 st	30	4th	224

EMPLOYEE INVOLVEMENT

Stockport Homes is a medium sized organisation with an establishment of 529 full time equivalent posts at 31 March 2017, which is well established in the local community. Stockport Homes continues to recognise that employees are the most important asset to the organisation. The work of the People & Organisational Development (OD) team focuses on enabling the service to increase employee engagement through the implementation of the People & OD Strategy, specific actions and service improvements.

Stockport Homes is proud to be one of the first organisations to be assessed against the new 'Generation 6 Investors in People' (IIP) standard in March 2016 and retaining this as part of a review in March 2017. Following on from this assessment the organisation achieved IIP 'Gold' status which under the new version is more challenging to attain. Stockport Homes exceeded the industry benchmark in terms of people management and development for all of the nine indicators, demonstrating 'advanced' level against eight of the nine indicators, and high performing in two out of these. This puts Stockport Homes in the top two percentile of organisations assessed against this standard. In addition the organisation retained its IIP Health and Wellbeing Award for exemplar practice in its approach to physical, psychological and social wellbeing of its employees. As such SHL are delighted to continue as IIP Champions.

Stockport Homes Limited

Strategic report for the year ended 31 March 2017 *(continued)*

Stockport Homes has been listed as a 'Best Companies Top 100 Place to work in the Not-For-Profit Sector' for list for the eighth year running, retaining the one star rating as a 'Very Good' organisation to work for.

The organisations inclusion in the prestigious list reaffirms Stockport Homes' commitment to being an employer of choice and an even better place to work. The highest scoring factor as an organisation was 'Giving Something Back' for which the organisation received a 'special award' highlighting the organisations commitment to the wider community, environment and charitable activities.

Stockport Homes has invested in a range of initiatives to promote emotional and social well-being, minimise the impact of home and workplace stresses and advocate positive mental health. A comprehensive programme of accredited 'Mental Health First Aid' (MHFA) courses and 'Resilience' workshops are delivered throughout the organisation to increase levels of personal resilience, providing tools to cope effectively with pressures and stress and help to eliminate 'negative' thinking. In addition, these interventions are designed to enable staff to develop a flexible, adaptable mind-set to cope effectively with organisational change, supported by our 'Active Listeners' Group providing support for staff by staff.

Stockport Homes has continued to embed its 'Fierce Leadership Development' approach. This focuses on supporting personal and organisational growth through high quality, meaningful conversations. The 'Fierce' models are employed throughout the organisation to embed leadership skills and behaviour for all employees. Part of our investment in this approach is to upskill internal facilitators to increase the programmes sustainability. From the 110 Managers who have already completed the programme, 100% of attendees felt confident to use the models, 90% are actively using the Fierce 'principles and models' regularly and stated that this programme has given them 'practical, impactful leadership skills' and 'the ability to make better decisions and develop their teams'.

EQUALITY AND DIVERSITY

Stockport Homes is committed to fairness and equality for individuals. This commitment applies to all aspects of employment and is applied through a range of employment policies to ensure that the organisation adheres to its legal obligations in employment, provides a workplace that is free from discrimination and provides equal access to learning and development.

Stockport Homes continuously strives to be an inclusive employer, ensuring that everyone has an equal opportunity to gain employment and the workforce represents the local communities in which it serves. Continuous review and monitoring of employment policies and practices are undertaken to ensure they are applied fairly and equally across the organisation and promote good relations and best practice.

In December 2014, Stockport Homes Board agreed the 2014-17 Equality and Diversity Strategy. This included the objective to develop HR policies and practices that support and develop all staff. A full review of core HR policies, HR system provision and the approach to recruitment has been completed, with the involvement of the Diversity Officer. One of the aims of the Equality and Diversity Strategy is to ensure that Stockport Homes will be an inclusive employer and provide opportunity and development to all staff. This aim incorporates all of the Protected Characteristics, contained within the Equality Act 2010, which includes ensuring the organisation shows a commitment to the recruitment, retention and development of staff who have a disability.

As part of implementing this strategy Stockport Homes have introduced a Staff Diversity Group whose remit includes looking at ways to support all staff in their employment and development and achieving a representative workforce. A sub-group of staff and managers are also working through the Stonewall framework to achieve accreditation as an organisation committed to and demonstrating excellence in

Stockport Homes Limited

Strategic report for the year ended 31 March 2017 *(continued)*

equality and diversity for staff and customers. This year the group have helped to develop a transgender policy, took part in Pride and promoted a range of issues at the staff conference.

Work has been completed to encourage staff to update their sensitive information, including sexual orientation, and ethnic origin, which were areas where there was previously data missing. This data is used in the annual Workforce Profile Report and actions are identified and implemented as a result. This data will also be used in the new HR system, Cascade, to assist understanding of equality data for employment and development of staff.

In February 2015, Stockport Homes was awarded the Housing Diversity Network Diversity Accreditation which recognised good practice across all areas of diversity work. This review also helped Stockport Homes to identify areas for further improvement which will include an Equal Pay Audit and developing Equality Impact Statements further across the organisation.

Governance

The Board of Stockport Homes is responsible for the strategic direction of the organisation and Board members are registered as the Company Directors with Companies House. They have been selected to collectively provide the skills and competencies to successfully steer the company in accordance with its Mission and Aims.

The Board consists of customers, independent and stakeholder members. Stockport Homes has developed a constructive relationship with the Stockport Homes Member Committee, a cross-party Council body, which monitors and oversees the company's work. In September 2016 a new Chair and two further Board Members were recruited.

Stockport Homes has a Management Team which is led by the Chief Executive, supported by four Directors and is responsible for the day to day operations of the organisation. The Chief Executive reports to the Board of Stockport Homes.

The Board meets four times per year to make decisions concerning the strategic direction of the organisation. The Board is supported by two Sub-Groups, Business Development and Service Excellence, both of which have clear terms of reference. The Board and Sub-Groups are supported by the Governance Team which uses a range of tools to ensure the effectiveness of the Board's decision-making. This includes a thorough forward planning process and procedures for following actions that are agreed in minutes.

Following the establishment of the two subsidiary companies, the Board approved the appointment of a number of existing members to also sit on the Boards of the subsidiaries. This included the retiring chair of Stockport Homes' Board who sits as chair of Three Sixty and the existing chair of the Business Development Sub Group who sits as chair of Viaduct. As part of the transition to the group structure the volume of business and decision-making structures have been reviewed. Key documents, including the Scheme of Delegation and the Code of Conduct, have been updated. An appraisal process for Board members was started in November 2016 with assessments of the current skills profile and individual risk appetites. Training and recruitment will be used to address any gaps within the Stockport Homes Parent Board and the respective subsidiary boards for Viaduct and Three Sixty.

During 2016/17 the Board undertook training on a range of issues through external courses provided by the Housing Quality Network and Northern Housing Consortium. Tours have been organised to see the innovative services being provided and progress with the Head Office. Board Away Days have been used to inform members about changes in the national policy environment and to debate how the group can best respond to these.

Stockport Homes Limited

Strategic report for the year ended 31 March 2017 *(continued)*

Stockport Homes' Customer Scrutiny Panel (CSP) completed two service reviews during 2016/17 in relation to the management of anti-social behaviour and the provision of energy advice resulting in recommendations which are being implemented by the services.

Results of CSP reviews are reported to Board who are requested to approve management action plans to meet CSP recommendations for improvement.

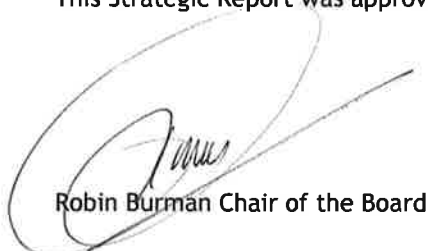
Board also receives a CSP Annual Report that demonstrates how the activity of the CSP contributes to Stockport Homes meeting its co-regulatory responsibilities. The report summarises how customer scrutiny:

- Is led by customers and supported by the organisation,
- Allows customers the opportunity to participate, contribute and challenge,
- Influences the strategic direction of Stockport Homes,
- Results in a positive impact on tenants.

For the second consecutive year the panel was recognised in the Customer Scrutiny Inspection awards as the Most Inspiring Panel in the ALMO sector.

Approval

This Strategic Report was approved by order of the Board on 5th June 2017



Robin Burman Chair of the Board

Stockport Homes Limited

Independent auditor's report

We have audited the Group and Company financial statements of Stockport Homes Limited for the year ended 31 March 2017 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in reserves, the consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

This report is made solely to the company's members, as a body, in accordance with section 137 of 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 company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company's and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the board and auditors

As explained more fully in the statement of board member responsibilities 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 and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (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 group's and company's affairs as at 31 March 2017 and of their 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 Report of the Board and the 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 company, or returns adequate for our audit have not been received from branches not visited by us; or

Stockport Homes Limited

Independent auditor's report *(continued)*

- the company 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.

In addition we have nothing to report in respect of the following matters where the Housing and Regeneration Act 2015 require us to report in our opinion if a satisfactory system of control over transactions has not been maintained.

Beever and Struthers

*Sue Hutchinson (Senior Statutory Auditor)
For and on behalf of Beever and Struthers
Statutory Auditor
215 -259 Chester Road
Manchester
M15 4JE
United Kingdom*

Date

5 June 2017

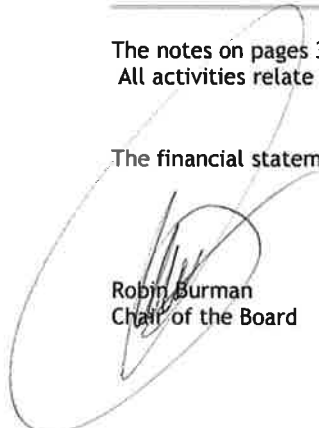
Stockport Homes Limited

Consolidated Statement of Comprehensive Income for the year ended 31 March 2017

	Note	2017 £'000	2016 £'000
Turnover	4	40,524	40,952
Cost of sales	4	(1,771)	(1,815)
Operating costs	4	(34,543)	(36,289)
Operating surplus	4	4,210	2,848
Other interest receivable and similar income	11	37	30
Interest and financing costs	12	(387)	(391)
Net interest on pension	24	(413)	(520)
Surplus before taxation		3,447	1,967
Taxation on surplus	13	(180)	(164)
Surplus for the financial year		3,267	1,803
Actuarial (losses)/gains on defined benefit pension scheme	24	(4,066)	5,753
Total comprehensive income for year		(799)	7,556

The notes on pages 32 to 61 form part of these financial statements.
All activities relate to continuing operations.

The financial statements were approved by the Board of Directors and authorised for issue on 5th June 2017.


Robin Burman
Chair of the Board


Stockport Homes Limited

Company Statement of Comprehensive Income for the year ended 31 March 2017

	Note	2017 £'000	2016 £'000
Turnover	4	40,304	40,952
Cost of sales	4	(1,409)	(1,815)
Operating costs	4	(34,591)	(36,289)
Operating surplus	4	4,304	2,848
Other interest receivable and similar income	11	37	30
Interest and financing costs	12	(387)	(391)
Net interest on pension	24	(413)	(520)
Surplus before taxation		3,541	1,967
Taxation on surplus	13	(180)	(164)
Surplus for the financial year		3,361	1,803
Actuarial (losses)/gains on defined benefit pension scheme	24	(4,066)	5,753
Total comprehensive income for year		(705)	7,556

The notes on pages 32 to 61 form part of these financial statements.
All activities relate to continuing operations.

The financial statements were approved by the Board of Directors and authorised for issue on 5th June 2017.




Robin Burman
Chair of the Board

Stockport Homes Limited

Consolidated Statement of Financial Position at 31 March 2017

	Note	2017 £'000	2016 £'000
Fixed assets			
Tangible fixed assets - housing properties	14	30,867	18,883
Tangible fixed assets - other	15	12,176	3,543
		43,043	22,426
Current assets			
Stocks	17	3,766	2,199
Debtors - receivable within one year	18	3,911	4,136
Debtors - receivable after one year	18	-	500
Cash and cash equivalents		8,770	6,210
		16,447	13,045
Creditors: amounts falling due within one year	19	(7,145)	(6,216)
Net current assets		9,302	6,829
Total assets less current liabilities		52,345	29,255
Creditors: amounts falling due after more than one year	20	(38,237)	(19,828)
Net assets excluding provisions		14,108	9,427
Provisions for liabilities			
Pension liability	24	(16,589)	(11,534)
Other provisions	25	(425)	-
Net liabilities		(2,906)	(2,107)
Capital and reserves			
Income and expenditure reserve		(2,906)	(2,107)
		(2,906)	(2,107)

The financial statements were approved by the Board of Directors and authorised for issue on 5th June 2017.



Robin Burman
Chair of the Board

The notes on pages 32 to 61 form part of these financial statements.


Company number 04521257

Stockport Homes Limited

Company Statement of Financial Position at 31 March 2017

	Note	2017 £'000	2016 £'000
Fixed assets			
Tangible fixed assets - housing properties	14	30,867	18,883
Tangible fixed assets - other	15	12,158	3,543
Investment in subsidiaries	16	10	-
		43,035	22,426
Current assets			
Stocks	17	3,766	2,199
Debtors - receivable within one year	18	4,018	4,136
Debtors - receivable after one year	18	192	500
Cash and cash equivalents		8,428	6,210
		16,404	13,045
Creditors: amounts falling due within one year	19	(7,000)	(6,216)
Net current assets		9,404	6,829
Total assets less current liabilities		52,439	29,255
Creditors: amounts falling due after more than one year	20	(38,237)	(19,828)
Net assets excluding provisions		14,202	9,427
Pension liability	24	(16,589)	(11,534)
Other Provisions	25	(425)	-
Net liabilities		(2,812)	(2,107)
Capital and reserves			
Income and expenditure reserve		(2,812)	(2,107)
		(2,812)	(2,107)

The financial statements were approved by the Board of Directors and authorised for issue on 5th June 2017.


Robin Burman
Chair of the Board

The notes on pages 32 to 61 form part of these financial statements.

Company number 04521257

Stockport Homes Limited

Statement of Changes in Reserves for the year ended 31 March 2017

Group	Income and expenditure reserve
	£'000
Balance at April 2016	(2,107)
Surplus for the year	3,267
Actuarial (losses) on defined benefit pension scheme	(4,066)
Total comprehensive income for the year	(799)
Balance at 31 March 2017	(2,906)

Company	Income and expenditure reserve
	£'000
Balance at April 2016	(2,107)
Surplus for the year	3,361
Actuarial (losses) on defined benefit pension scheme	(4,066)
Total comprehensive income for the year	(705)
Balance at 31 March 2017	(2,812)

Stockport Homes Limited

Consolidated Statement of Cash Flows for the year ended 31 March 2017

	Note	2017 £'000	2016 £'000
Cash flows from operating activities			
Surplus for the financial year		3,267	1,803
Adjustments for:			
Depreciation of fixed assets - housing properties	14	544	345
Depreciation of fixed assets - other	15	16	26
Amortised grant	20	(171)	39
Interest payable and finance costs	12	387	391
Interest received	11	(38)	(30)
Taxation expense	13	180	164
Difference between net pension expense and cash contribution	23	989	1,547
Decrease / (increase) in trade and other debtors		866	(632)
(Increase) in stocks		(1,567)	(818)
(Decrease) in trade creditors		(691)	(264)
Cash from operations		3,782	2,571
Taxation paid		(175)	(61)
Net cash generated from operating activities		3,607	2,510
Cash flows from investing activities			
Purchase of fixed assets - housing properties	14	(8,504)	(5,409)
Purchases of fixed assets - other	15	(8,350)	(2,653)
Receipt of grant	20	2,089	1,657
Net cash from investing activities		(14,765)	(6,405)
Cash flows from financing activities			
Interest paid	12	(388)	(371)
Interest received	11	29	18
New loans	21	14,425	6,327
Repayment of loans	21	(348)	(292)
Net cash used in financing activities		13,718	5,682
Net increase in cash and cash equivalents		2,560	1,787
Cash and cash equivalents at beginning of year		6,210	4,423
Cash and cash equivalents at end of year		8,770	6,210

Stockport Homes Limited

Notes forming part of the financial statements for the year ended 31 March 2017

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Stockport Homes Limited

Notes forming part of the financial statements for the year ended 31 March 2017 (*continued*)

1 Legal status

Stockport Homes Limited is registered with Companies House as a company limited by guarantee and is registered with the Homes and Communities Agency as a social housing provider. The Company is incorporated in England. Its registered address is 1 St Peters' Square, Stockport, SK1 1NZ.

The group comprises the following entities:

Name	Incorporation	Registered/Non-registered
Stockport Homes Ltd	Companies Act 2006	Registered
Three Sixty SHG Ltd	Companies Act 2006	Non-registered
Viaduct Partnerships Ltd	Companies Act 2006	Non-registered

2 Accounting policies

Basis of accounting

The financial statements have been prepared on a going concern basis, in accordance with applicable law and UK accounting standards (United Kingdom Generally Accepted Accounting Practice) which for Stockport Homes includes the Housing and Regeneration Act 2008, FRS 102 "the Financial Reporting Standard applicable in the United Kingdom and 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.

In applying FRS 102, the financial statements are presented in £ sterling and rounded to the nearest £'000. As a public benefit entity, the Group has applied the public benefit entity "PBE" prefixed paragraphs of FRS 102.

Parent Company Disclosure Exemptions

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- No cash flow statement has been presented for the parent company
- Disclosures in respect of the parent company's financial instruments have not been presented, as equivalent disclosures have been provided in respect of the Group as a whole
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the Group as a whole.

Basis of consolidation

The consolidated financial statements incorporate the results of Stockport Homes Limited and all of its subsidiary undertakings as at 31 March 2017. The group accounts consolidate the accounts of the associations and its subsidiaries at 31st March using the purchase method. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying 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 Organisation generates the following material income streams:

Stockport Homes Limited

Notes forming part of the financial statements for the year ended 31 March 2017 (*continued*)

2 Accounting policies (*continued*)

- Management fee income from Stockport Council
- Rental income receivable (after deducting lost rent from void properties available for letting)
- First tranche sales of Low Cost Home Ownership housing properties developed for sale
- Service charges receivable
- Grant income for specific initiatives
- Revenue grants and proceeds from the sale of land and property

Rental income is recognised from the point when properties under development reach practical completion and are formally let, income from first tranche sales and sales of properties built for sale is recognised at the point of legal completion of the sale.

Supported housing schemes

Stockport Homes receives Supporting People grants from SMBC. The grants received in the period as well as costs incurred in the provision of support services have been included in the Income and Expenditure Account. Any excess of cost over the grant received is borne by the Group where it is not recoverable from tenants.

Service charges

The Group adopts the variable 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.

Management of units owned by others

Management fees receivable and reimbursed expenses are shown as income and included in management fees receivable. Costs of carrying out the management contracts and rechargeable expenses are included in operating costs.

Current and deferred taxation

Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company's subsidiaries operate and generate taxable income.

Value Added Tax

Stockport Homes charges Value Added Tax (VAT) on the majority of its income and is able to recover the corresponding majority of the VAT it incurs on expenditure. The financial statements include VAT to the extent that it is suffered by Stockport Homes and not recoverable from HM Revenue and Customs. Non-recoverable VAT arises from exempt and partially exempt activities and is debited to the Statement of Comprehensive Income.

Finance costs

All Stockport Homes' borrowing is on fixed PWLB rates. Finance costs are charged to profit or loss over the term of the debt using the actual interest rate for each loan.

Stockport Homes Limited

Notes forming part of the financial statements for the year ended 31 March 2017 (*continued*)

2 Accounting policies (*continued*)

Pension costs

The Group participates in two pension schemes, the Greater Manchester Pension Fund (GMPF) and the Social Housing Pension Scheme (SHPS).

The SHPS is a defined contribution scheme for which costs are charged to the Statement of Comprehensive Income on an accruals basis.

The GMPF is a defined benefit pension scheme and retirement benefits to the employees of the Company are funded by contributions from all employers and employees in the scheme.

Payments are made to a fund operated by Tameside Metropolitan Borough Council. These payments are made in accordance with periodic calculations by consulting actuaries and are based on pension costs applicable to the various participating organisations. All costs, liabilities, assets and investment returns are accounted for in accordance with FRS 102.

The difference between the fair value of the assets held in the defined benefit pension scheme and the scheme's liabilities measured on an actuarial basis using the projected unit method are recognised in the balance sheet as a pension asset or liability as appropriate. The carrying value of any resulting pension scheme asset is restricted to the extent that Stockport Homes is able to recover the surplus either through reduced contributions in the future or through refunds from the scheme.

Holiday pay accrual

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

Tangible fixed assets - Housing Properties

Housing properties constructed or acquired (including land) on the open market since the date of transition to FRS 102 are stated at cost less depreciation and impairment (where applicable).

The cost of housing land and property represents their purchase price and any directly attributable costs of acquisition which may include an appropriate amount for staff costs and other costs of managing development.

Where housing properties are in the course of construction, finance costs are only capitalised where construction is on-going and has not been interrupted or terminated.

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.

Housing properties in the course of construction, excluding the estimated cost of the element of shared ownership properties expected to be sold in first tranche, are included in PPE and held at cost less any impairment, and are transferred to completed properties when ready for letting.

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.

Stockport Homes Limited

Notes forming part of the financial statements for the year ended 31 March 2017 (*continued*)

2 Accounting policies (*continued*)

Assets in the course of construction are not depreciated until they are completed and ready for use to ensure that they are depreciated only in periods in which economic benefits are expected to be consumed.

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:

Freehold land is not depreciated.

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)
New build housing structure (including on-costs)	100
Other housing structure	50
Boundary walls & car hard-standings	50
Roofs	70
Windows	30
Electrical	30
Bathrooms	30
Structural cladding	25
Front Doors	25
Back Doors	30
Boilers	20
Heating systems	30
Kitchens	20
Canopy Roofs	20
Gutters / Fascia / Waste Stack / Downpipes	20
Gates / Fences	25
Consumer Units	30
Smoke Detectors/Carbon Monoxide Detectors/Extractors	10
Photovoltaic Panels	25

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.

Shared ownership properties and staircasing

Under low cost home ownership arrangements, Stockport Homes disposes of a long lease on low cost home ownership housing units for a share ranging between 25% and 75% of value. The Buyer has the right to purchase further proportions up to 100% based on the market valuation of the property at the time each purchase transaction is completed.

Low cost home ownership properties are split proportionately between current and fixed assets based on the element relating to expected first tranche sales. The first tranche proportion is classed as a current asset and related sales proceeds included in turnover. The remaining element, "staircasing element", is classed as PPE and included in completed housing property at cost less any provision for impairment. Sales of subsequent tranches are treated as a part disposal of PPE. Such staircasing sales may result in capital grant being deferred or abated and any abatement is credited in the sale account in arriving at the surplus or deficit.

Stockport Homes Limited

Notes forming part of the financial statements for the year ended 31 March 2017 (continued)

2 Accounting policies (continued)

Allocation of costs for mixed tenure and shared ownership developments

Costs are allocated to the appropriate tenure where it is possible to specify which tenure the expense relates to. Where it is not possible to relate costs to a specific tenure costs are allocated on a floor area or unit basis depending on the appropriateness for each scheme.

Investment Properties

Investment properties include commercial and other properties not held for the social benefit of the Group. Investment property is measured at cost on initial recognition, which includes purchase cost and any directly attributable expenditure, and subsequently at fair value at the reporting date. Fair value is determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Statement of Comprehensive Income.

Tangible fixed assets - Other

Other tangible fixed assets, other than investment properties, are stated at historical cost less accumulated depreciation and any 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 company 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 group. 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.

Assets under construction

Assets under construction are stated at cost. The company adds to the carrying amount when the cost is incurred. Assets under construction are not depreciated until they are brought into use.

Depreciation of other tangible fixed assets

Other fixed assets are included in the Balance Sheet at historical cost, less depreciation where appropriate. A de minimus value of £5,000 applies to individual items. Depreciation is provided at a rate calculated to write off the cost of fixed assets, less their estimated residual value over their estimated useful lives on the following basis:

- Computer Equipment 33.33% Straight line
- Photovoltaic panels 4% Straight line
- Motor vehicles 33.33% Straight line
- Site set up 20% Straight line
- Tools and equipment 20% Straight line

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.

Stockport Homes Limited

Notes forming part of the financial statements for the year ended 31 March 2017 (*continued*)

2 Accounting policies (*continued*)

Government grants

Grant received in relation to property construction is accounted for using the accrual model set out in FRS 102 and the Housing SORP 2014. 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 below).

Where 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.

Impairment of fixed assets

The housing property portfolio for the Group 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 Group 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 VIU-SP.

The Group 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.

Stock

Stock represents work in progress and completed properties, including housing properties developed for transfer to other registered providers; properties developed for outright sale; and shared ownership properties. For shared ownership properties the value held as stock is the estimated cost to be sold as a first tranche.

Stock is stated at the lower of cost and net realisable value. Cost comprises materials, direct labour and direct development overheads. Net realisable value is based on estimated sales proceeds after allowing for all further costs to completion and selling costs

Stockport Homes Limited

Notes forming part of the financial statements for the year ended 31 March 2017 (*continued*)

2 Accounting policies (*continued*)

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

Stockport Homes 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.

Rent and service charge agreements

The Group has made arrangement with individuals and households for arrears payments of rent and service charges. These arrangements are effectively loans granted at nil interest rate.

Loans, Investments and short term deposits

All loans, investments and short term deposits held by the Group are classified as basic financial instruments in accordance with FRS 102. These instruments are initially recorded at the transaction price less any transaction costs (historical cost), FRS 102 requires that basic financial instruments are subsequently measured at amortised cost, however Stockport Homes has calculated that the difference between the historical cost and amortised cost basis is not material and so these financial instrument are stated on the balance sheet at historical cost. Loans and investments that are payable or receivable within one year are not discounted.

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.

Cash and cash equivalents

Cash and cash equivalents in the 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.

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.

Stockport Homes Limited

Notes forming part of the financial statements for the year ended 31 March 2017 (*continued*)

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 group's tangible and intangible assets, including goodwill. 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 members have 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 members have also considered impairment based on their assumptions to define cash or asset generating units.
- the anticipated costs to complete on a development scheme based on anticipated construction cost, effective rate of interest on loans during the construction period, legal costs and other costs. Based on the costs to complete, they then determine the recoverability of the cost of properties developed for outright sale and/or land held for sale. This judgement is also based on the member's best estimate of sales value based on economic conditions within the area of development.
- the critical underlying assumptions in relation to the estimate of the pension defined benefit scheme obligation such as standard rates of inflation, mortality, discount rate and anticipated future salary increases. Variations in these assumptions have the ability to significantly influence the value of the liability recorded and annual defined benefit expense.
- whether leases entered into by the group 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.
- the appropriate allocation of costs for mixed tenure developments, and furthermore the allocation of costs relating to shared ownership between current and fixed assets.
- the exemptions to be taken on transition to FRS102
- 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 annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as condition and continued usage 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 17)*

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.

Stockport Homes Limited

Notes forming part of the financial statements for the year ended 31 March 2017 *(continued)*

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

Group	Turnover	Cost of sales	Operating costs	Operating surplus/ (deficit)
	2017 £'000	2017 £'000	2017 £'000	2017 £'000
Social housing lettings (Note 5)	1,347	-	(1,043)	304
Other Social Housing Activities				
First tranche low cost home ownership sales	2,016	(1,409)	-	607
Management Fee from Stockport MBC	28,183	-	(25,091)	3,092
Income from customers and miscellaneous	4,534	-	(3,869)	665
Supporting People Income	232	-	(232)	-
Charges to capital programme	3,365	(362)	(3,018)	(15)
Water initiative	847	-	(712)	134
Development services	-	-	(2)	(2)
Net pension cost	-	-	(576)	(576)
	39,177	(1,771)	(33,500)	3,906
	40,524	(1,771)	(34,543)	4,210
	Turnover	Cost of sales	Operating costs	Operating surplus/ (deficit)
	2016 £'000	2016 £'000	2016 £'000	2016 £'000
Social housing lettings (Note 5)	1,063	-	(737)	326
Other Social Housing Activities				
First tranche low cost home ownership sales	2,433	(1,815)	-	618
Management Fee from Stockport MBC	26,789	-	(24,214)	2,575
Income from customers and miscellaneous	5,328	-	(5,031)	297
Supporting People Income	311	-	(311)	-
Charges to capital programme	4,193	-	(4,090)	103
Water initiative	835	-	(880)	(45)
Net pension cost	-	-	(1,026)	(1,026)
	39,889	(1,815)	(35,552)	2,522
	40,952	(1,815)	(36,289)	2,848

Stockport Homes Limited

Notes forming part of the financial statements for the year ended 31 March 2017 (continued)

4 Particulars of turnover, cost of sales, operating costs and operating surplus (continued)

Company	Turnover	Cost of sales	Operating costs	Operating surplus/ (deficit)
	2017 £'000	2017 £'000	2017 £'000	2017 £'000
Social housing lettings (Note 5)	1,347	-	(1,043)	304
Other Social Housing Activities				
First tranche low cost home ownership sales	2,016	(1,409)	-	607
Management Fee from Stockport MBC	28,183	-	(25,091)	3,092
Income from customers and miscellaneous	4,534	-	(3,869)	665
Supporting People Income	232	-	(232)	-
Charges to capital programme	3,059	-	(2,966)	93
Water initiative	847	-	(712)	134
Intercompany	86	-	(102)	(16)
Net pension cost	-	-	(576)	(576)
	38,957	(1,409)	(33,548)	4,000
	40,304	(1,409)	(34,591)	4,304
	Turnover	Cost of sales	Operating costs	Operating surplus/ (deficit)
	2016 £'000	2016 £'000	2016 £'000	2016 £'000
Social housing lettings (Note 5)	1,063	-	(737)	326
Other Social Housing Activities				
First tranche low cost home ownership sales	2,433	(1,815)	-	618
Management Fee from Stockport MBC	26,789	-	(24,214)	2,575
Income from customers and miscellaneous	5,328	-	(5,031)	297
Supporting People Income	311	-	(311)	-
Charges to capital programme	4,193	-	(4,090)	103
Water initiative	835	-	(880)	(45)
Net pension cost	-	-	(1,026)	(1,026)
	39,889	(1,815)	(35,552)	2,522
	40,952	(1,815)	(36,289)	2,848

Stockport Homes Limited

Notes forming part of the financial statements for the year ended 31 March 2017 (continued)

5 Income and Expenditure from social housing lettings

Group and company	General needs £'000	Low cost home ownership £'000	Total 2017 £'000	Total 2016 £'000
Income				
Rents net of identifiable service charges	972	95	1,067	971
Service charge income	55	21	76	53
Amortised government grants	164	7	171	39
Other income	33	-	33	-
Bad Debt reduction	-	-	-	-
Turnover from social housing lettings	1,224	123	1,347	1,063
Expenditure				
Management	(67)	(20)	(87)	(70)
Service charge costs	(55)	(21)	(76)	(53)
Maintenance	(90)	-	(90)	(72)
Bad debts	(3)	-	(3)	(6)
Depreciation of housing properties: - annual charge	(464)	(80)	(544)	(345)
Other costs	(181)	(62)	(243)	(191)
Operating expenditure on social housing lettings	(860)	(183)	(1,043)	(737)
Operating surplus/(deficit) on social housing lettings	364	(60)	304	326
Void losses	(1)	-	(1)	(1)

Stockport Homes Limited

Notes forming part of the financial statements for the year ended 31 March 2017 (*continued*)

6 Units of housing stock

Group and Company	2017 Number	2016 Number
General needs housing:		
- Social	85	85
- Affordable	98	90
- Market Rent	1	-
Low cost home ownership	69	51
Outright Sale - Held at Year End	1	-
Total owned	254	226
Accommodation managed for others	11,287	11,340
Total managed accommodation	11,287	11,340
Total owned and managed accommodation	11,541	11,566
Units under construction	217	155

7 Operating surplus

Group	2017 £'000	2016 £'000
This is arrived at after charging:		
Depreciation of housing properties	544	345
Depreciation of other tangible fixed assets	15	26
Operating lease charges - land & building	425	425
Operating lease charges - other	630	640
Auditors' remuneration (excluding VAT):		
fees payable to the company's auditor for the audit of the group's annual accounts	17	14
- fees for tax computations	2	1
fees for audit related assurance	0	3
Defined benefit pension cost (see note 24)	576	1,026

Stockport Homes Limited

Notes forming part of the financial statements for the year ended 31 March 2017 *(continued)*

7 Operating surplus (continued)

Company	2017 £'000	2016 £'000
This is arrived at after charging:		
Depreciation of housing properties	544	345
Depreciation of other tangible fixed assets	14	26
Operating lease charges - land & building	425	425
Operating lease charges - other	614	640
Auditors' remuneration (excluding VAT):		
fees payable to the company's auditor for the audit of the company's annual accounts	14	14
- fees for tax computations	1	1
fees for audit related assurance	0	3
Defined benefit pension cost (see note 24)	576	1,026

8 Employees

Group	2017 £'000	2016 £'000
Staff costs (including Executive Management Team) consist of:		
Wages and salaries	13,390	13,200
Social security costs	1,219	923
Cost of defined benefit scheme (see note 24)	2,262	2,122
Pension Valuation Adjustments	576	1,026
	17,447	17,271

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

	2017 Number	2016 Number
Administration	98	109
Development	144	101
Housing, Support and Care	287	302
	529	512

Stockport Homes Limited

Notes forming part of the financial statements for the year ended 31 March 2017 *(continued)*

8 Employees (continued)

Company	2017 £'000	2016 £'000
Staff costs (including Executive Management Team) consist of:		
Wages and salaries	13,213	13,200
Social security costs	1,204	923
Cost of defined benefit scheme (see note 24)	2,258	2,122
Pensions Valuation Adjustments	576	1,026
	17,251	17,271

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

	2017 Number	2016 Number
Administration	97	109
Development	138	101
Housing, Support and Care	280	302
	515	512

9 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 disclosed on page 2. These are judged to be the key management personnel.

Group	2017 £'000	2016 £'000
Executive directors' emoluments	551	465
Amounts paid to non-executive directors	23	10
Contributions to defined benefit pension schemes	32	59
	606	534

Group and company

The Board of Management received £2,779 (2016: £2,400) for board expenses during the year. Compensation for loss of office payments for the year totalled £55,000.

The total amount payable to the Chief Executive, who was also the highest paid director in respect of emoluments was £144,693 (2016 - £140,753). The Chief Executive has opted out of the Local Government Pension Scheme.

Stockport Homes Limited

Notes forming part of the financial statements for the year ended 31 March 2017 *(continued)*

9 Directors' and senior executive remuneration (continued)

There were 5 directors in the local government pension scheme during the year (2016 - 4).

The remuneration paid to staff (including Executive Management Team) earning over £60,000 upwards:

	2017 No.	2016 No.
£60,000 - £69,999	2	3
£70,000 - £79,999	1	1
£80,000 - £89,999	2	1
£90,000 - £99,999	-	1
£100,000 - £109,999	1	-
£110,000 - £119,999	-	-
£140,000-£150,000	1	1

10 Board members

Group

Board member	Remuneration	Member of Business Development Sub Group(deals with audit and finance)	Member of Service Excellence Sub Group
	£		
David Beckett	3,000	x	
John Bowker	3,000		x
Robin Burman	2,569		
Peter Fitzhenry	1,028	x	
Jo Hague	2,000		x
Sarah Keenan	1,028		x
Ken Lee	2,000	x	
Paul Porgess	1,000		x
Alanna Vine	2,000	x	
Christine Woolridge	2,000	x	
David Wright	4,085	x	
Roland Dotchin	-		x

Stockport Homes Limited

Notes forming part of the financial statements for the year ended 31 March 2017 (*continued*)

11 Interest receivable and income from investments

Group and company	2017 £'000	2016 £'000
Interest receivable and similar income	37	30
	37	30

12 Interest payable and similar charges

Group and company	2017 £'000	2016 £'000
Loans from group undertakings	387	391
	387	391

13 Taxation on surplus/(deficit) on ordinary activities

Group and company	2017 £'000	2016 £'000
<i>UK corporation tax</i>		
Current tax on surplus for the year	184	176
Adjustment in respect of previous periods	(3)	(12)
Taxation on surplus on ordinary activities	181	164

The tax assessed for the year differs to the standard rate of corporation tax in the UK applied to surplus before tax. The differences are explained below:

	2017 £'000	2016 £'000
Surplus/ on ordinary activities before tax	3,447	3,870
Surplus on ordinary activities at the standard rate of corporation tax in the UK of 19% (2016 - 20%)	655	239
Effects of:		
Expenses not deductible for tax purposes	(471)	(62)
Adjustment to tax charge in respect of previous periods	(3)	(13)
Total tax charge for period	181	164

Stockport Homes Limited

Notes forming part of the financial statements for the year ended 31 March 2017 (continued)

14 Tangible fixed assets - Housing properties											
Group and Company	General needs completed £'000	General needs under construction £'000	Shared ownership completed £'000	Shared ownership under construction £'000	Market Rent-Acquisition £'000	Outright Sale - Acquisition £'000	Total £'000				
Cost:											
At 1 April 2016	13,746	2,173	3,013	1,095	-	-	20,027				
Additions	563	6,247	1,387	4,238	79	76	12,590				
Completed schemes	28	(28)	48	(48)	-	-	-				
Transfer to / from stock	-	-	(795)	(2,124)	-	(76)	(2,995)				
Adjustment to opening cost	2,933	-	-	-	-	-	2,933				
Disposals	-	-	-	-	-	-	-				
At 31 March 2017	17,270	8,392	3,653	3,161	79	0	32,555				
Depreciation:											
At 1 April 2016	(1,062)	-	(82)	-	-	-	(1,144)				
Charge for the year	(365)	-	(78)	-	-	-	(443)				
Adjustment to opening depreciation	(101)	-	-	-	-	-	(101)				
At 31 March 2017	(1,528)	0	-160	0	0	0	(1,688)				
Net book value at 31 March 2017	15,742	8,392	3,493	3,161	79	0	30,867				
Net book value at 31 March 2016	12,684	2,173	2,931	1,095	0	0	18,883				

Adjustments to opening costs and depreciation are in relation to existing properties, which are recognised gross of grant received, but had previously been recognised net of grant.

Stockport Homes Limited

Notes forming part of the financial statements for the year ended 31 March 2017 (continued)

14 Tangible fixed assets - Housing properties (continued)

	2017 £'000	2016 £'000
The net book value of housing properties may be further analysed as:		
Freehold	29,931	17,925
Long leasehold	936	958
	30,867	18,883
Works to properties		
Improvements to existing properties capitalised	82	108
	82	108
Total Social Housing Grant received or receivable to date is as follows:		
Capital grant - Housing Properties	9,217	4,323
	9,217	4,323

Impairment

Stockport Homes considers each scheme to represent separate cash generating units (CGU's) when assessing for impairment in accordance with the requirements of FRS102 and SORP 2014.

During 2015/16 a full impairment review was performed to assess the impact of the four year 1% rent reduction announced by the Government which demonstrated that there were no impairments. During 2016/17 a further review was carried out to assess the impact of an increased maintenance cost which was seen during the year, to identify the impact on viability if this should continue. There were no impairments arising from this review.

Valuation

In carrying out the impairment review Stockport Homes undertook a valuation of the properties. The valuation was carried out as a desktop exercise on an EUV-SH basis using discounted cashflows.

Stockport Homes Limited

Notes forming part of the financial statements for the year ended 31 March 2017 (*continued*)

15 Other tangible fixed assets			
Group	Property under construction £'000	Fixtures, fittings, tools and equipment £'000	Total £'000
<i>Cost</i>			
At 1 April 2016	3,241	427	3,668
Additions	8,553	95	8,648
Disposals	0	(52)	(52)
At 31 March 2017	11,794	470	12,264
<i>Depreciation</i>			
At 1 April 2016	-	(125)	(125)
Charge for year	-	(15)	(15)
Disposal	-	52	52
At 31 March 2017	-	(88)	(88)
<i>Net book value</i>			
At 31 March 2017	11,794	382	12,176
At 31 March 2016	3,241	302	3,543
Company			
	Property under construction £'000	Fixtures, fittings, tools and equipment £'000	Total £'000
<i>Cost</i>			
At 1 April 2016	3,241	427	3,668
Additions	8,553	75	8,628
Disposal	-	(52)	(52)
At 31 March 2017	11,794	450	12,244
<i>Depreciation</i>			
At 1 April 2016	-	(125)	(125)
Charge for year	-	(13)	(13)
Disposal	-	52	52
At 31 March 2017	-	(86)	(86)
<i>Net book value</i>			
At 31 March 2017	11,794	364	12,158
At 31 March 2016	3,241	302	3,543

Stockport Homes Limited

Notes forming part of the financial statements for the year ended 31 March 2017 (*continued*)

16 Investments in subsidiaries

Company	Total 2017 £'000
<i>Cost</i>	
At 1 April 2016	-
Additions	10
At 31 March 2017	10

17 Stock

Group and company	Other consumables	First tranche shared ownership properties	Outright Sale	Total 2017 £'000	Total 2016 £'000
Work in progress	-	3,170	-	3,170	1,101
Completed properties	-	347	76	423	918
Consumables	173	-	-	173	180
	173	3,517	76	3,766	2,199

18 Debtors

Group	2017 £'000	2016 £'000
Due within one year		
Rent and service charge arrears	50	21
Less: Provision for doubtful debts	(10)	(8)
	40	13
Amounts owed by SMBC and associated companies	1,325	2,300
Trade debtors	510	895
Other debtors	331	308
Prepayments and accrued income	1,584	620
Social housing grant receivable	122	-
	3,911	4,136
Due after one year		
Other debtors	-	500
	-	500
	3,911	4,636

Stockport Homes Limited

Notes forming part of the financial statements for the year ended 31 March 2017 *(continued)*

18 Debtors (continued)

Company	2017 £'000	2016 £'000
Due within one year		
Rent and service charge arrears	50	21
Less: Provision for doubtful debts	(10)	(8)
	40	13
Amounts owed by SMBC and associated companies	1,310	2,300
Trade debtors	510	895
Other debtors	331	308
Prepayments and accrued income	1,584	620
Social housing grant receivable	122	-
Intercompany debtors	121	-
	4,018	4,136
Due after one year		
Intercompany debtors	192	-
Other debtors	0	500
	192	500
	4,209	4,636

19 Creditors: amounts falling due within one year

Group	2017 £'000	2016 £'000
Loans and borrowings (note 22)	616	337
Trade creditors	1,025	880
Social housing grant in advances	343	1,207
Amounts owed to SMBC and associated companies	262	245
Taxation and social security	545	477
Other creditors	812	642
Deferred capital grant (Note 21)	87	41
Accruals and deferred income	3,455	2,387
	7,145	6,216

Stockport Homes Limited

Notes forming part of the financial statements for the year ended 31 March 2017 (*continued*)

19 Creditors: amounts falling due within one year (continued)

Company	2017 £'000	2016 £'000
Loans and borrowings (note 22)	616	337
Trade creditors	1,016	880
Social housing grant in advances	343	1,207
Amounts owed to SMBC and associated companies	262	245
Taxation and social security	505	477
Other creditors	806	642
Deferred capital grant (Note 21)	87	41
Accruals and deferred income	3,363	2,387
Intercompany creditors	2	-
	7,000	6,216

20 Creditors: amounts falling due after more than one year

Group and company	2017 £'000	2016 £'000
Loans and borrowings (Note 22)	29,450	15,719
Deferred capital grant (Note 21)	8,787	4,109
	38,237	19,828

Stockport Homes Limited

Notes forming part of the financial statements for the year ended 31 March 2017 *(continued)*

21 Deferred capital grant

Group and Company	2017 £'000	2016 £'000
At 1 April	4,150	3,685
Grants received during the year	4,894	504
Released to income during the year	(171)	(39)
At 31 March	8,873	4,150
Amount due to be released < 1 year	87	41
Amount due to be released > 1 year	8,786	4,109
	8,873	4,150

22 Loans and borrowings

Maturity of debt:

Group and Company	2017 £'000	2016 £'000
In one year or less, or on demand	616	337
In more than one year but not more than two years	734	435
In more than two years but not more than five years	2,357	1,399
In more than five years	26,359	13,885
	30,066	16,056

Of the loans of £30.1m, £6.0m has an interest rate of less than 3%, £23.3m has an interest rate between 3% and 5% with the remaining £0.8m at a rate greater than 5%.

Stockport Homes Limited

Notes forming part of the financial statements for the year ended 31 March 2017 (continued)

23 Financial instruments

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

	2017 £'000	2016 £'000
Financial assets		
Financial assets measured at amortised cost		
- Trade receivables	2,133	908
- Other receivables	1,227	3,255
- Cash and cash equivalents	8,770	6,210
Total financial assets	12,130	10,373
Financial liabilities		
Financial liabilities measured at amortised cost		
- Loans payable	30,067	16,056
Financial liabilities measured at amortised cost		
- Trade creditors	1,289	880
- Other creditors	12,018	3,672
Total financial liabilities	43,374	20,608

Financial assets measured at amortised cost comprise trade debtors, other debtors, amounts owed by associated undertakings.

Financial liabilities measured at amortised cost comprise bank loans and overdrafts, trade creditors, other creditors and accrued expenditure.

24 Pensions

Group

The Group participates in two pension schemes, the Greater Manchester Pension Fund (GMPF) and the Social Housing Pension Scheme (SHPS). The GMPF is a multi-employer defined benefit scheme. Stockport Homes Ltd is the only member of the Group who participates in the GMPF, the details of which are below. The SHPS is a defined contribution scheme. The charge for the period for the SHPS is £4,477 (2016 £nil), and at the Statement of Financial Position date there were contributions outstanding of £4,477 (2016 £nil).

Company

Defined benefit pension scheme

The Company joined the Greater Manchester Pension Fund, administered by Tameside Metropolitan Borough Council, on 1 October 2005 with its employees transferring from Stockport Metropolitan Borough Council.

The latest formal valuation of the Fund was as at 31 March 2016. Results from this valuation have been rolled forward to 31 March 2017 using approximate methods. The roll-forward allows for:

- Changes in financial assumptions
- Additional benefit accrual
- Actual pension increase orders
- Estimated cash flows over the period, and
- Membership information.

Stockport Homes Limited

Notes forming part of the financial statements for the year ended 31 March 2017 (continued)

24 Pensions (continued)

A summary of the data used for valuation is as follows:

- Individual membership data submitted as at 31 March 2016
- Individual pensioner data in respect of LGPS unfunded pensions
- Latest numbers of employees, deferred pensioners and pensioners
- Actual payroll information up to the latest available date
- Employer and employee contributions up to the latest available date and payroll data (in order to estimate contribution income and pensionable payroll for the accounting period)
- Actual split of Fund assets as at the latest available date
- Actual Fund returns provided up to the latest available date
- The bid market value of Fund assets as at the latest available date, and
- Any new early retirements from 1 April 2014 to the latest available date on unreduced pensions which are not anticipated in the normal employment service cost

A full actuarial valuation of the defined benefit scheme was carried out at 31 March 2016. The accounting balance sheet position as at 31 March 2017 is based on a roll forward from the 2016 formal valuation. This differs to the 31 March 2016 balance sheet which was based on a roll forward from the 2013 valuation. Contributions to the scheme are made by the group based on the advice of the actuary and with the aim of making good the deficit over the remaining working life of the employees.

There were no changes to the scheme during the year and no amounts owing to the scheme at the year end.

	2017 £'000	2016 £'000
<i>Reconciliation of present value of plan liabilities</i>		
At the beginning of the year	(58,192)	(60,560)
Current service cost	(2,696)	(3,102)
Interest cost	(2,083)	(1,988)
Actuarial gains/ (losses)	(14,138)	7,490
Benefits paid	86	10
Past service costs	(136)	(42)
At the end of the year	(77,159)	(58,192)
	2017 £'000	2016 £'000
<i>Reconciliation of fair value of plan assets</i>		
At the beginning of the year	46,658	44,819
Interest income on plan assets	1,670	1,468
Actuarial gains/(losses)	10,072	(1,737)
Contributions by employer	2,256	2,118
Benefits paid	(86)	(10)
At the end of the year	60,570	46,658
Fair value of plan assets	60,570	46,658
Present value of plan liabilities	(77,159)	(58,192)
Net pension scheme liability	(16,589)	(11,534)

Stockport Homes Limited

Notes forming part of the financial statements for the year ended 31 March 2017 (*continued*)

24 Pensions (*continued*)

Amounts recognised in other comprehensive income are as follows:	2017 £'000	2016 £'000
Included in administrative expenses:		
Current service cost	2,696	3,102
Past service cost	136	42
	2,832	3,144

Amounts included in other finance costs

Net interest cost	413	520
Analysis of actuarial gain / (loss) recognised in Other Comprehensive Income	2017 £'000	2016 £'000
Actual return less interest income included in net interest income	10,072	(1,737)
Experience gains and losses arising on the scheme liabilities	2,075	373
Changes in assumptions underlying the present value of the scheme liabilities	(16,213)	7,117
	4,066	5,753

	2017 £'000	2016 £'000
<i>Composition of plan assets</i>		
Equities	75%	73%
Bonds	16%	17%
Property	5%	6%
Cash	4%	4%
Total plan assets	100%	100%
Actual return on plan assets	24.1%	(0.6%)

Principal actuarial assumptions used at the balance sheet date

	2017	2016
Discount rates	2.6%	3.5%
Future salary increases	3.2%	3.5%
Future pension increases	2.41%	2.2%
Average future life expectancies		
for a male aged 65 now	21.5 years	21.4 years
at 65 for a male member aged 45 now	23.7 years	24 years
for a female aged 65 now	24.1 years	24 years
at 65 for a female member aged 45 now	26.2 years	26.6 years

Stockport Homes Limited

Notes forming part of the financial statements for the year ended 31 March 2017 *(continued)*

25 Provision for other liabilities and charges

Group and Company	2017 £'000	2016 £'000
Transfer from accruals	200	-
Transfer from Statement of Comprehensive Income	225	-
Total	425	-

Provision has been made for dilapidations costs in relation to the planned move from the current office accommodation, to the new head office currently being constructed. This provision is expected to be settled during 2017/18.

26 Contingent liabilities

Group and Company

Stockport Homes Limited previously acquired properties with associated government grant. In the event of these properties being disposed, Stockport Homes Limited is liable for the recycling of the associated government grant. At 31 March 2017 the value of this liability is £3.904m (2016 £3.713m)

27 Operating leases

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

Amounts payable as Lessee	2017 £'000	2016 £'000
Not later than 1 year	668	877
Later than 1 year and not later than 5 years	1,102	508
Total	1,769	1,385

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

Amounts payable as Lessee	2017 £'000	2016 £'000
Not later than 1 year	629	877
Later than 1 year and not later than 5 years	946	508
Total	1,574	1,385

Stockport Homes Limited

Notes forming part of the financial statements for the year ended 31 March 2017 (*continued*)

28 Capital commitments

Group and Company	2017 £'000	2016 £'000
Commitments contracted but not provided for	14,345	13,522
Commitments approved by the Board but not contracted for	7,806	319
	22,151	13,841

Capital commitments for the company will be funded as follows:

	2017 £'000	2016 £'000
Social Housing Grant	3,949	2,522
New loans	6,823	5,687
Sales of properties	8,345	5,632
Reserves	3,034	-
	22,151	13,841

Stockport Homes Limited

Notes forming part of the financial statements for the year ended 31 March 2017 *(continued)*

29 Related party disclosures

The ultimate controlling party of Stockport Homes is Stockport Metropolitan Borough Council.

Associated companies

The following transactions took place between Stockport Homes, Stockport MBC and its associated ventures during the year

	Stockport Council		Solutions SK	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Net loan movements advances/(repayments)	14,012	6,101	-	-
Net sales and purchases of goods and services	4,584	5,897	(267)	(356)
Management fees received	28,182	26,709	-	-

	Stockport Council		Solutions SK	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Payable by Association to associated companies				
Loan advances	30,067	16,056	-	-
Trading Balances	236	204	10	41

	Stockport Council		Solutions SK	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Payable to Association to associated companies				
Trading Balances	1,324	2,300	-	-

Solutions SK is a subsidiary undertaking of Stockport Metropolitan Borough Council and therefore a fellow subsidiary of Stockport Homes.

In 2016/17 Stockport Homes charged schools within Stockport £680k (£485k for the year ended 31st March 2016) in relation to the provision of repairs and maintenance services.

As at 31 March 2017, Stockport Homes' bank balances were held by the same bankers as those of Stockport Metropolitan Borough Council, however the Council does not have control of the bank balances of Stockport Homes.

The Board includes three tenant members who hold a tenancy agreement on normal terms and cannot use their position to their advantage. At 31 March 2017 Mrs Christine Woolridge, Mrs Jo Hague and Mr Thomas Dotchin continued to act as Board Members. Rent charged to tenant Board members during the period was £12,851. Tenant Board members had arrears of £nil at the reporting period end.

Two of the current Board members are a Councillor of a related local authority these are Mrs Alanna Vine and Mr Paul Porgess.

Stockport Homes Limited

Notes forming part of the financial statements for the year ended 31 March 2017 (*continued*)

29 Related party disclosures (continued)

Group companies

Stockport Homes Limited is the parent company of the following entities:

- i. **Three Sixty SHG Ltd**
Registered under the Companies Act 2006, the principal activities of the company are construction and related services.
- ii. **Viaduct Partnerships Ltd**
Registered under the Companies Act 2006, the principal activities of the company are the development and construction of social housing.

Stockport Homes Limited provides management services, other services and loans to its subsidiaries. Stockport Homes Limited also receives charges from its subsidiaries. Charges between Group members are based on cost with an agreed mark-up methodology.

During 2016/17 charges between Stockport Homes Limited and its subsidiaries were as follows:

Three Sixty SHG Ltd

Stockport Homes Limited charged Three Sixty SHG Ltd £86,037 and received charges of £102,474. Stockport Homes Limited also advanced a loan to Three Sixty SHG Ltd of £250,000, and invested share capital of £100.

Viaduct Partnerships Ltd

Stockport Homes Limited invested share capital of £10,000. There were no charges from Viaduct Partnerships to Stockport Homes Limited.

