

Stockport Homes Limited

Notes forming part of the financial statements for the year ended 31 March 2019 (*continued*)

1 Legal status

Stockport Homes Limited is registered with Companies House as a company limited by guarantee and is registered with Homes England as a social housing provider. The Company is incorporated in England. Its registered address is: Cornerstone, 2 Edward St, Stockport, SK1 3NQ.

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
Foundations Stockport Ltd	Co-operative and Community Benefit Societies Act 2014	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 relation to preparing the financial statements on a going concern basis, the company’s Balance Sheet shows a negative net asset 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

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 2019. The group accounts consolidate the accounts of the company and its subsidiaries at 31st March 2019 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:

Stockport Homes Limited

Notes forming part of the financial statements for the year ended 31 March 2019 *(continued)*

2 Accounting policies *(continued)*

Income

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

- 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
- Construction contract income from Stockport Council

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.

Service charges

The Group adopts the fixed method for calculating and charging service charges to its tenants and variable method for its 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.

Stockport Homes Limited

Notes forming part of the financial statements for the year ended 31 March 2019 *(continued)*

2 Accounting policies *(continued)*

Finance costs

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

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.

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 Property Plant and Equipment 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.

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.

Stockport Homes Limited

Notes forming part of the financial statements for the year ended 31 March 2019 *(continued)*

2 Accounting policies *(continued)*

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
Lifts	15

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.

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.

Stockport Homes Limited

Notes forming part of the financial statements for the year ended 31 March 2019 (*continued*)

2 Accounting policies (*continued*)

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. Items are capitalised where they are for ongoing use in the business. 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
- Office furniture and IT fit out	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 2019 *(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 life 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.

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

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

Stockport Homes Limited

Notes forming part of the financial statements for the year ended 31 March 2019 *(continued)*

2 Accounting policies *(continued)*

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 2019 *(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 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 2019 (continued)

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

Group	Turnover	Cost of sales	Operating costs	Operating surplus/ (deficit)
	2019 £'000	2019 £'000	2019 £'000	2019 £'000
Social housing lettings (Note 5)	2,120	-	(1,345)	775
Other Social Housing Activities				
First tranche low cost home ownership sales	4,742	(3,868)	-	874
Management Fee and associated charges from Stockport MBC	28,204	-	(27,187)	1,017
Income from customers and miscellaneous Supporting People Income	5,431	(5)	(5,185)	241
Charges to capital programme	-	-	-	-
Water initiative	8,545	(4,806)	(3,490)	249
Development services to SHL from Viaduct	935	-	(736)	199
Market rent lettings	-	254	-	254
Net pension cost	7	-	(1)	6
	-	-	(2,316)	(2,316)
	47,865	(8,425)	(38,915)	524
	49,985	(8,425)	(40,260)	1,300

Group	Turnover	Cost of sales	Operating costs	Operating surplus/ (deficit)
	2018 £'000	2018 £'000	2018 £'000	2018 £'000
Social housing lettings (Note 5)	1,444	-	(845)	599
Other Social Housing Activities				
First tranche low cost home ownership sales	4,613	(3,501)	-	1,111
Management Fee and associated charges from Stockport MBC	28,129	-	(25,330)	2,799
Income from customers and miscellaneous Supporting People Income	3,928	-	(3,739)	189
Charges to capital programme	224	-	(224)	-
Water initiative	6,419	(2,849)	(3,286)	284
Development services to SHL from Viaduct	821	-	(675)	146
Market rent lettings	-	3	-	3
Net pension cost	10	-	(6)	4
	-	-	(2,421)	(2,421)
	44,144	(6,347)	(35,681)	2,115
	45,588	(6,347)	(36,526)	2,715

Stockport Homes Limited

Notes forming part of the financial statements for the year ended 31 March 2019 (continued)

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

Company	Turnover	Cost of sales	Operating costs	Operating surplus/ (deficit)
	2019 £'000	2019 £'000	2019 £'000	2019 £'000
Social housing lettings (Note 5)	2,120	-	(1,345)	775
Other Social Housing Activities				
First tranche low cost home ownership sales	4,742	(3,868)	-	874
Management Fee and associated charges from Stockport MBC	28,204	-	(27,187)	1,017
Income from customers and miscellaneous	5,433	-	(5,185)	248
Supporting People Income	-	-	-	-
Charges to capital programme	3,664	-	(3,488)	176
Water initiative	935	-	(736)	199
Intercompany	584	-	(631)	(47)
Market Rent lettings	7	-	(1)	6
Net pension cost	-	-	(2,316)	(2,316)
	43,570	(3,868)	(39,544)	158
	45,690	(3,868)	(40,889)	933

Company	Turnover	Cost of sales	Operating costs	Operating surplus/ (deficit)
	2018 £'000	2018 £'000	2018 £'000	2018 £'000
Social housing lettings (Note 5)	1,444	-	(845)	599
Other Social Housing Activities				
First tranche low cost home ownership sales	4,613	(3,501)	-	1,112
Management Fee and associated charges from Stockport MBC	28,129	-	(25,330)	2,799
Income from customers and miscellaneous	3,935	-	(3,962)	(27)
Supporting People Income	224	-	(224)	-
Charges to capital programme	3,553	-	(3,274)	279
Water initiative	821	-	(675)	146
Intercompany	461	-	(400)	61
Market Rent lettings	10	-	(6)	4
Net pension cost	-	-	(2,421)	(2,421)
	41,746	(3,501)	(36,292)	1,951
	43,188	(3,501)	(37,137)	2,550

Stockport Homes Limited

Notes forming part of the financial statements for the year ended 31 March 2019 (continued)

5 Income and Expenditure from social housing lettings

Group and Company

	General needs	Low cost home ownership	Total	Total
	£'000	£'000	2019 £'000	2018 £'000
Income				
Rents net of identifiable service charges	1,626	264	1,890	1,283
Service charge income	76	38	114	78
Amortised government grants	78	37	115	78
Other income	1	0	1	4
Turnover from social housing lettings	1,781	339	2,120	1,444
Expenditure				
Management	(104)	(54)	(158)	(105)
Service charge costs	(76)	(38)	(114)	(78)
Maintenance	(178)	0	(178)	(104)
Bad debts	(14)	0	(14)	0
Depreciation of housing properties: - annual charge	(558)	(237)	(795)	(508)
Other costs	(62)	(24)	(86)	(50)
Operating expenditure on social housing lettings	(992)	(353)	(1,345)	(845)
Operating surplus/(deficit) on social housing lettings	789	(14)	775	599
Void losses	(2)	0	(2)	0

6 Gain on disposal of fixed assets

Group and Company

	2019 £'000	2018 £'000
Shared Ownership Staircasing Sales		
Proceeds of sales	572	127
Less costs of sales	(354)	(109)
Less capital grant recycled (note 24)	(4)	(2)
Surplus	214	16

Stockport Homes Limited

Notes forming part of the financial statements for the year ended 31 March 2019 (continued)

7 Units of housing stock

Group and Company	2019 Number	2018 Number
General needs housing:		
- Social	92	89
- Affordable	199	84
- Market Rent	1	1
- Intermediate	54	52
Low cost home ownership	209	121
Outright Sale - Held at Year End	0	1
Total owned	555	348
Accommodation managed for others	11,301	11,190
Total managed accommodation	11,301	11,190
Total owned and managed accommodation	11,856	11,538
Units under construction	347	294

8 Operating surplus

Group	2019 £'000	2018 £'000
This is arrived at after charging:		
Depreciation of housing properties	795	508
Depreciation of other tangible fixed assets	537	304
Operating lease charges - land & building	60	270
Operating lease charges - other	586	526
Auditors' remuneration (excluding VAT):		
- fees payable to the company's auditor for the audit of the group's annual accounts	22	19
- fees for tax computations	3	2
- fees for audit related assurance	0	0
Defined benefit pension cost	2,316	2,421

Stockport Homes Limited

Notes forming part of the financial statements for the year ended 31 March 2019 (continued)

8 Operating surplus (continued)

Company	2019 £'000	2018 £'000
This is arrived at after charging:		
Depreciation of housing properties	795	508
Depreciation of other tangible fixed assets	533	300
Operating lease charges - land & building	60	270
Operating lease charges - other	586	526
Auditors' remuneration (excluding VAT):		
- fees payable to the company's auditor for the audit of the company's annual accounts	15	14
- fees for tax computations	1	1
- fees for audit related assurance	0	0
Defined benefit pension cost	2,316	2,421

9 Employees

Group	2019 £'000	2018 £'000
Staff costs (including Executive Management Team) consist of:		
Wages and salaries	15,844	14,220
Social security costs	1,459	1,314
Cost of defined benefit scheme (see note 27)	2,547	2,313
Cost of defined contribution scheme (see note 27)	41	25
Pension Valuation Adjustments	2,316	2,421
	22,207	20,293

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:

	2019 Number	2018 Number
Administration	123	101
Development	160	159
Housing, Support and Care	287	269
	570	529

Stockport Homes Limited

Notes forming part of the financial statements for the year ended 31 March 2019 (continued)

9 Employees (continued)

Company	2019 £'000	2018 £'000
Staff costs (including Executive Management Team) consist of:		
Wages and salaries	14,149	13,321
Social security costs	1,303	1,232
Cost of defined benefit scheme (see note 27)	2,547	2,313
Pensions Valuation Adjustments	2,316	2,421
	20,315	19,287

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:

	2019 Number	2018 Number
Administration	120	101
Development	108	134
Housing, Support and Care	277	258
	505	493

10 Directors' and senior executive remuneration

The directors are defined as the members of the Board of Management, the Chief Executive and the Executive Management Team disclosed on page 2. These are judged to be the key management personnel.

Group	2019 £'000	2018 £'000
Executive directors' emoluments	513	479
Amounts paid to non-executive directors	35	30
Contributions to defined benefit pension schemes	35	33
Employers NI contributions	64	62
	647	604

Group and company

The Board of Management received £3,102 (2018: £2,324) for board expenses during the year. Compensation for loss of office payments for the year totalled nil (2018: nil).

The total amount payable to the Chief Executive, who was also the highest paid director in respect of emoluments was £154,862 (2018 - £145,616). 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 2019 (continued)

10 Directors' and senior executive remuneration (continued)

There were 4 directors in the local government pension scheme during the year (2018: 5).

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

	2019 No.	2018 No.
£60,000 - £69,999	4	1
£70,000 - £79,999	0	1
£80,000 - £89,999	2	2
£90,000 - £99,999	2	-
£100,000 - £109,999	-	-
£110,000 - £119,999	-	-
£120,000 - £129,999	-	-
£130,000 - £139,999	-	-
£140,000 - £149,999	1	1

11 Board Members

Board member	Remuneration	Member of Audit And Risk	Member of Operations Committee
	£		
David Beckett	3,120	x	
Peter Fitzhenry	3,120		x
Robin Burman	5,200		
Phil Pemberton	2,080		
Ken Lee	3,120	x	
Alanna Vine	2,080	x	
Christine Woolridge	2,080	x	
David Wright	3,120		
Jenny Osbourne	3,120		
Josephine Hague	2,080		x
Steve Partridge	2,080	x	
Sarah Keenan	2,080		x
Jamie Hirst	2,080	x	x

Stockport Homes Limited

Notes forming part of the financial statements for the year ended 31 March 2019 (continued)

12 Interest receivable and income from investments

Group	2019 £'000	2018 £'000
Interest receivable and similar income	68	35
	68	35

Company	2019 £'000	2018 £'000
Interest receivable and similar income	65	35
	65	35

13 Interest payable and similar charges

Group and company	2019 £'000	2018 £'000
Loans from group undertakings	1,220	827
	1,220	827

14 Taxation on surplus/(deficit) on ordinary activities

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:

Group	2019 £'000	2018 £'000
<i>UK corporation tax</i>		
Current tax on surplus for the year	376	346
Adjustment in respect of previous periods	-	(14)
Taxation on surplus on ordinary activities	376	332
(Deficit)/surplus on ordinary activities before tax	(126)	1,444
(Deficit)/surplus on ordinary activities at the standard rate of corporation tax in the UK of 19% (2017-18 - 19%)	(24)	274
Effects of:		
Expenses not deductible for tax purposes	400	72
Adjustment to tax charge in respect of previous periods	0	(15)
Total tax charge for period	376	331

Stockport Homes Limited

Notes forming part of the financial statements for the year ended 31 March 2019 *(continued)*

14 Taxation on surplus/(deficit) on ordinary activities

Company	2019 £'000	2018 £'000
<i>UK corporation tax</i>		
Current tax on surplus for the year	305	315
Adjustment in respect of previous periods	0	3
Taxation on surplus on ordinary activities	305	318

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:

	2019 £'000	2018 £'000
Surplus/(deficit) on ordinary activities before tax	(496)	1,280
Surplus/(deficit) on ordinary activities at the standard rate of corporation tax in the UK of 19% (2017-18 - 19%)	(94)	243
Effects of:		
Expenses not deductible for tax purposes	399	72
Adjustment to tax charge in respect of previous periods	0	3
Total tax charge for period	305	318

Stockport Homes Limited

Notes forming part of the financial statements for the year ended 31 March 2019 (continued)

15 Tangible Fixed Assets - Housing Properties							
Group and Company	General needs completed	General needs under construction	Shared ownership completed	Shared ownership under construction	Outright Sale - Acquisition	Outright Sale - Under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost:							
At 1 April 2018	22,354	13,600	6,186	4,864	-	-	47,004
Additions	477	7,982	5	11,459	-2	2,042	21,963
Completed schemes	13,818	(13,818)	11,760	(11,760)	-	-	-
Transfer (to)/from stock	-	-	(6,306)	317	2	(2,042)	(8,029)
Staircasing Disposals	-	-	(403)	-	-	-	(403)
Component Addition	3	-	-	-	-	-	3
Component Disposal	(1)	-	-	-	-	-	(1)
At 31 March 2019	36,651	7,764	11,242	4,880	-	-	60,537
Depreciation:							
At 1 April 2018	(1,909)	-	(287)	-	-	-	(2,196)
Charge for the year	(558)	-	(237)	-	-	-	(795)
Staircasing Disposal	-	-	48	-	-	-	48
Component Disposal	-	-	-	-	-	-	-
At 31 March 2019	(2,467)	-	(476)	-	-	-	(2,943)
Net book value at 31 March 2019	34,184	7,764	10,766	4,880	-	-	57,594
Net book value at 31 March 2018	20,445	13,600	5,899	4,864	0	0	44,808

Stockport Homes Limited

Notes forming part of the financial statements for the year ended 31 March 2019 (continued)

15 Tangible fixed assets - Housing properties (continued)	2019 £'000	2018 £'000
The net book value of housing properties may be further analysed as:		
Freehold	55,847	43,896
Long leasehold	1,747	912
	57,594	44,808
Works to properties		
Improvements to existing properties capitalised	58	68
	58	68
Total Social Housing Grant received or receivable to date is as follows:		
Capital grant - Housing Properties	16,337	12,516
	16,337	12,516

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, 2017/18 and 2018/19 further reviews were carried out. There were no impairments arising from these reviews.

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 2019 *(continued)*

16 Other tangible fixed assets			
Group	Office Buildings	Fixtures, fittings, tools and Equipment	Total
	£'000	£'000	
<i>Cost</i>			
At 1 April 2018	13,459	1,546	15,005
Additions	454	199	653
Disposals	0	0	0
At 31 March 2019	13,913	1,745	15,658
<i>Depreciation</i>			
At 1 April 2018	(151)	(242)	(393)
Charge for year	(212)	(325)	(537)
Disposals	0	0	0
At 31 March 2019	(363)	(567)	(930)
<i>Net book value</i>			
At 31 March 2019	13,550	1,179	14,728
At 31 March 2018	13,308	1,304	14,612
<i>Company</i>			
Company	Office Buildings	Fixtures, fittings, tools and equipment	Total
	£'000	£'000	
<i>Cost</i>			
At 1 April 2018	13,459	1,526	14,985
Additions	454	199	653
Disposal	-	-	-
At 31 March 2019	13,913	1,725	15,638
<i>Depreciation</i>			
At 1 April 2018	(151)	(236)	(387)
Charge for year	(212)	(321)	(533)
Disposal	-	-	-
At 31 March 2019	(363)	(557)	(920)
<i>Net book value</i>			
At 31 March 2019	13,550	1,168	14,718
At 31 March 2018	13,308	1,290	14,598

Stockport Homes Limited

Notes forming part of the financial statements for the year ended 31 March 2019 (continued)

17 Investment Properties held for letting

Group and Company	Total 2019 £'000	Total 2018 £'000
At 1 April 2018	75	79
Additions	1	28
Gain / (Loss) from adjustment in fair value	9	(32)
At 31 March 2019	85	75

Investment properties were valued at 19 March 2019 by Thomson Associates (Chartered Surveyors). The valuation was undertaken in accordance with the Royal Institute of Chartered Surveyors Valuation Standards.

18 Investments in subsidiaries

Company	Total 2019 £'000	Total 2018 £'000
<i>Cost</i>		
At 1 April 2018	10	10
Additions	-	-
At 31 March 2019	10	10

19 Stock

Group and company	Other consumables	First tranche shared ownership properties	Outright Sale	Total	Total
	2019 £'000	2019 £'000	2019 £'000	2019 £'000	2018 £'000
Work in progress	-	6,476	-	6,476	4,750
Completed properties	-	2,781	-	2,781	287
Consumables	172	-	-	172	177
	172	9,257	-	9,429	5,214

Stockport Homes Limited

Notes forming part of the financial statements for the year ended 31 March 2019 (continued)

20 Debtors		
Group	2019 £'000	2018 £'000
Due within one year		
Rent and service charge arrears	53	56
Less: Provision for doubtful debts	(20)	(9)
	33	47
Amounts owed by SMBC and associated companies	2,139	2,422
Trade debtors	365	376
Other debtors	45	44
Prepayments and accrued income	1,163	1,314
Social housing grant receivable	365	0
Taxation	1,055	623
	5,166	4,826
Company	2019 £'000	2018 £'000
Due within one year		
Rent and service charge arrears	53	56
Less: Provision for doubtful debts	(20)	(9)
	33	47
Amounts owed by SMBC and associated companies	1,711	2,079
Trade debtors	363	376
Other debtors	42	38
Prepayments and accrued income	1,163	1,314
Social housing grant receivable	365	-
Taxation and social security	1,028	-
Intercompany debtors	391	190
	5,095	4,044
Due after one year		
Intercompany debtors	92	142
	5,186	4,186

Stockport Homes Limited

Notes forming part of the financial statements for the year ended 31 March 2019 *(continued)*

21 Creditors: amounts falling due within one year

Group	2019 £'000	2018 £'000
Loans and borrowings (note 25)	1,599	1,039
Trade creditors	1,074	799
Social housing grant in advance	4,334	1,448
Amounts owed to SMBC and associated companies	380	801
Taxation and social security	675	812
Other creditors	718	643
Deferred capital grant (Note 23)	217	119
Accruals and deferred income	3,962	3,221
	12,957	8,882
Company	2019 £'000	2018 £'000
Loans and borrowings (note 25)	1,599	1,039
Trade creditors	730	729
Social housing grant in advance	4,334	1,448
Amounts owed to SMBC and associated companies	380	801
Taxation and social security	502	706
Other creditors	707	638
Deferred capital grant (Note 23)	217	119
Accruals and deferred income	2,115	1,903
Intercompany creditors	926	362
	11,509	7,745

Stockport Homes Limited

Notes forming part of the financial statements for the year ended 31 March 2019 (continued)

22 Creditors: amounts falling due after more than one year

Group	2019 £'000	2018 £'000
Loans and borrowings (Note 25)	50,283	39,431
Deferred capital grant (Note 23)	15,466	11,931
Recycled capital grant (Note 24)	122	45
Accruals and deferred income > 1 year	395	24
Trade Creditors	0	808
Sinking Fund	24	14
	66,291	52,253

Company	2019 £'000	2018 £'000
Loans and borrowings (Note 25)	50,283	39,431
Deferred capital grant (Note 23)	15,466	11,931
Recycled Capital Grant (Note 24)	122	45
Accruals and deferred income > 1 year	96	24
Intercompany creditors	299	-
Sinking Fund	24	14
	66,291	51,445

23 Deferred capital grant

Group and Company	2019 £'000	2018 £'000
At 1 April	12,050	8,874
Grants received during the year	3,822	3,299
Released to income during the year	(115)	(81)
Recycled Grant Fund	(73)	(43)
	15,683	12,050
At 31 March	15,683	12,050
Amount due to be released < 1 year	217	119
Amount due to be released > 1 year	15,466	11,931

24 Recycled capital grant fund

Group and Company	2019 £'000	2018 £'000
At 1 April	45	-
Inputs from Deferred Capital Grant	73	43
Inputs from Shared Ownership Staircasing Sales	4	2
At 31 March	122	45

Stockport Homes Limited

Notes forming part of the financial statements for the year ended 31 March 2019 (continued)

25 Loans and borrowings

Maturity of debt:

Group and Company

	2019 £'000	2018 £'000
In one year or less, or on demand	1,599	1,039
In more than one year but not more than two years	1,805	1,286
In more than two years but not more than five years	5,699	4,077
In more than five years	42,779	34,068
	51,882	40,470

Of the loans of £51.9m, £27.2m has an interest rate of less than 3%, £24.0m has an interest rate between 3% and 5% with the remaining £0.7m at a rate greater than 5%.

26 Financial instruments

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

	2019 £'000	2018 £'000
Financial assets		
Financial assets measured at fair value through profit or loss		
- Investment property at market value	85	75
Financial assets measured at amortised cost		
- Trade receivables	3,584	2,845
- Other receivables	3,095	1,633
- Cash and cash equivalents	12,235	9,456
Total financial assets	19,000	14,009
Financial liabilities		
Financial liabilities measured at amortised cost		
- Loans payable	51,882	40,470
Financial liabilities measured at amortised cost		
- Trade creditors	4,621	2,408
- Other creditors	22,560	17,973
Total financial liabilities	79,063	60,851

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.

Stockport Homes Limited

Notes forming part of the financial statements for the year ended 31 March 2019 (*continued*)

27 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 £41,018 (2018 £24,636), and at the Statement of Financial Position date there were contributions outstanding of £3,739 (2018 £2,685).

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 2018 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.

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

Stockport Homes Limited

Notes forming part of the financial statements for the year ended 31 March 2019 (*continued*)

27 Pensions (*continued*)

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 2019 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.

	2019 £'000	2018 £'000
<i>Reconciliation of present value of plan liabilities</i>		
At the beginning of the year	(81,901)	(77,159)
Current service cost	(4,837)	(4,673)
Interest cost	(2,274)	(2,065)
Actuarial gains/ (losses)	(9,279)	1,961
Benefits paid	108	96
Past service costs	(26)	(61)
At the end of the year	(98,209)	(81,901)

	2019 £'000	2018 £'000
<i>Reconciliation of fair value of plan assets</i>		
At the beginning of the year	64,660	60,570
Interest income on plan assets	1,777	1,602
Actuarial gains	3,117	271
Contributions by employer	2,547	2,313
Benefits paid	(108)	(96)
At the end of the year	71,993	64,660
Fair value of plan assets	71,993	64,660
Present value of plan liabilities	(98,209)	(81,901)
Net pension scheme liability	(26,216)	(17,241)

Stockport Homes Limited

Notes forming part of the financial statements for the year ended 31 March 2019 (continued)

27 Pensions (continued)		
Amounts recognised in other comprehensive income are as follows:	2019	2018
	£'000	£'000
Included in administrative expenses:		
Current service cost	4,837	4,673
Past service cost	26	61
	4,863	4,734
Amounts included in other finance costs		
Net interest cost	497	463
Analysis of actuarial gain / (loss) recognised in Other Comprehensive Income		
	2019	2018
	£'000	£'000
Actual return less interest income included in net interest income	3,117	271
Experience gains and losses arising on the scheme liabilities	-	-
Changes in assumptions underlying the present value of the scheme liabilities	(9,279)	1,961
	(6,162)	2,232
	2019	2018
	£'000	£'000
<i>Composition of plan assets</i>		
Equities	69%	66%
Bonds	15%	16%
Property	8%	7%
Cash	8%	11%
Total plan assets	100%	100%
Actual return on plan assets	7.4%	3.0%
<i>Principal actuarial assumptions used at the balance sheet date</i>		
	2019	2018
Discount rates	2.4%	2.7%
Future salary increases	3.3%	3.2%
Future pension increases	2.5%	2.4%
Average future life expectancies		
for a male aged 65 now	21.5 years	21.5 years
at 65 for a male member aged 45 now	23.7 years	23.7 years
for a female aged 65 now	24.1 years	24.1 years
at 65 for a female member aged 45 now	26.2 years	26.2 years

Stockport Homes Limited

Notes forming part of the financial statements for the year ended 31 March 2019 *(continued)*

28 Provision for other liabilities and charges

Group and Company	2019 £'000	2018 £'000
At 1 April	176	425
Transfer from accruals	-	-
Transfer to Statement of Comprehensive Income	(2)	(71)
Released in year	(174)	(178)
At 31 March	0	176

Provision had been made for dilapidations costs in relation to the move from the previous office accommodation, to the new head office. This provision has been settled during 2018/19.

29 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 2019 the value of this liability is £3.904m (2018 £3.904m)

During 2017/18 an inspection was undertaken by HMRC into the operation of the Construction Industry Scheme by Stockport Homes Limited and a contingent liability of £3.4m was included within the financial statements for 2017/18. During 2018/19 this matter was concluded resulting in a required payment to HMRC of £190. HMRC has also issued a suspended penalty relating to this matter of £58,064 which will only require paying in the event of non-compliance with the issued suspension conditions.

This HMRC inspection also included employment taxes. HMRC have challenged the treatment of the Group's car lease scheme and have issued a payment demand. Stockport Homes are working with their professional advisors to challenge this position, but have estimated that a payment of £450,000 may be required should this challenge be unsuccessful.

30 Operating leases

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

Amounts payable as Lessee	2019 £'000	2018 £'000
Not later than 1 year	962	624
Later than 1 year and not later than 5 years	762	1,208
More than 5 years	675	720
Total	2,399	2,552

Stockport Homes Limited

Notes forming part of the financial statements for the year ended 31 March 2019 (continued)

31 Capital commitments

Group and Company	2019 £'000	2018 £'000
Commitments contracted but not provided for	33,709	16,261
Commitments approved by the Board but not contracted for	28,520	37,196
	62,229	53,457

Capital commitments will be funded as follows:

	2019 £'000	2018 £'000
Social Housing Grant	10,634	7,965
New loans	24,613	17,236
Sales of properties	23,788	27,116
Reserves	3,194	1,140
	62,229	53,457

Stockport Homes Limited

Notes forming part of the financial statements for the year ended 31 March 2019 (*continued*)

32 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	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Net loan movements advances/(repayments)	11,411	10,403	-	-
Net sales and purchases of goods and services	11,939	6,579	(171)	(204)
Management fees received	28,204	28,129	-	-

	Stockport Council		Solutions SK	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Payable by Association to associated companies				
Loan advances	51,882	40,470	-	-
Trading Balances	353	728	44	72

	Stockport Council		Solutions SK	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Payable to Association from associated companies				
Trading Balances	2,139	2,422	-	-

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

In 2018/19 Stockport Homes charged schools within Stockport £815k (£714k for the year ended 31st March 2018) in relation to the provision of repairs and maintenance services.

As at 31 March 2019, 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.

Stockport Homes Limited

Notes forming part of the financial statements for the year ended 31 March 2019 *(continued)*

32 Related party disclosures (continued)

The Board includes two tenant members who hold a tenancy agreement on normal terms and one shared-owner; these members cannot use their position to their advantage. At 31 March 2019 Mrs Christine Woolridge, Mrs Jo Hague and Mr Jamie Hirst continued to act as Board Members. Rent charged to tenant Board members during the period was £12,006. Tenant Board members had arrears of £nil at the reporting period end.

One of the current Board members is a Councillor of Stockport MBC - Mrs Alanna Vine.

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.
- iii. Foundations Stockport Ltd
Registered under the Co-operative and Community Benefit Societies Act 2014, the principle activities of the company are to deliver the organisation's charitable aims.

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 2018/19 charges between Stockport Homes Limited and its subsidiaries were as follows:

Three Sixty SHG Ltd

Stockport Homes Limited charged Three Sixty SHG Ltd £631,000 and received charges of £334,000. In addition Stockport Homes Limited charged Three Sixty SHG Ltd £50,000 relating to its loan capital repayment.

Viaduct Partnerships Ltd

Stockport Homes Limited charged Viaduct Partnerships Ltd £248,000 and received charges of £10,938,000.

Foundations Stockport Ltd

No charges were made between Stockport Homes and Foundations Stockport in 2018/19.

