

Co-operative & Community Benefit Society
Registered Number: 20924R

Regulator of Social Housing
Registration Number: L1015

Harrogate Flower Fund Homes Limited

Report and Financial Statements

For the year ended 31 December 2017

Harrogate Flower Fund Homes Limited

Report and Financial Statements For the year ended 31 December 2017

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Harrogate Flower Fund Homes Limited

Board Members, Registered Office and Advisers For the year ended 31 December 2017

Chair:	Mr P K Doherty (died 4 August 2017) Mrs M-A de Courcey-Bayley (appointed 15 August 2017)
Honorary Secretary:	Miss F J Hildred
Honorary Treasurer:	Mr J Perry
Honorary Life President:	Mr J Corby
Board Members:	Mrs J Harrison Mr P Knowles Mrs A Gallagher Mrs J Hayes Mrs J Cocker (resigned 19 April 2017) Mr G Saunders Mr L M Williamson (co-opted 17 January 2017 and resigned 16 April 2018) Mr J W Pierce (appointed 16 May 2017)
Registered Office:	10 High Street Harrogate North Yorkshire HG2 7HY
Registered Number:	Co-operative & Community Benefit Society 20924R Regulator of Social Housing (RSH) L1015
Auditors:	Beever and Struthers Statutory Auditor St George's House 215-219 Chester Road Manchester M15 4JE
Bankers:	CAF Bank 25 Kings Hill Avenue Kings Hill West Malling Kent ME19 4JQ Triodos Bank NV Deanery Road Bristol BS1 5AS
Solicitors:	LCF Barber Titleys The Exchange Station Parade Harrogate HG1 1TS

Harrogate Flower Fund Homes Limited

Report of the Board For the year ended 31 December 2017

Accounts

The Board of Harrogate Flower Fund Homes Limited presents its annual report and the audited financial statements for the year ended 31 December 2017.

Objects of the Association, principal activity and organisation of its work

The Association is registered under the Co-operative and Community Benefit Societies Act 2014, (Registration Number 20924R), and under the Housing Act 1974, (Registration Number L1015) with exempt charitable status under Schedule 3 of the Charities Act 2011.

Its charitable objects, under rules approved in May 2016, are to carry on for the benefit of the community:

- the business of providing and managing housing, including Social Housing, and providing assistance to help house people and associated facilities, amenities and services for poor people or for the relief of aged, disabled (whether physically or mentally) or chronically sick people;
- any other charitable object that can be carried out from time to time by a society registered as a provider of Social Housing with the Regulator.

Arising from the above the principal activity is the provision of rented accommodation for persons of limited means, aged 55 or over, at affordable rents.

The Association is organised so that the Board meet regularly to manage its affairs. It does not employ any paid staff, but does use a managing agent, for the collection of rents and other management services, which is paid a fee for this work.

Board Members and their interests

During the year the Board had to appoint a new Chair due to the untimely and sudden death of Pat Doherty. He had a wealth of experience and knowledge which he used for the benefit of the Association over a number of years as a Board member, its Treasurer and latterly as its Chair. The Board would like to take this opportunity to express their condolences to his wife and family, he is greatly missed.

The Board Members in office during the year are listed on page 1.

Each Board Member holds one fully paid share of £1 in the Association.

Results and financial position

The results for the year are set out in the financial statements on pages 12 to 27.

The statement of comprehensive income shows a surplus for the year of £54,073. The reserves at the year-end stand at £1,615,269 in total, of which £558,193 is liquid reserves.

Harrogate Flower Fund Homes Limited

Report of the Board

For the year ended 31 December 2017

Developments, activities and achievements

At the end of the year the Association has in ownership twenty-six flats and a two-bed house on two sites within the town of Harrogate. Ten flats and the two-bed house are at Steelgarth, 33 High Street, Starbeck, twelve flats are at Greengarth, Markenfield Road, Jennyfields, with an adjacent block of four flats at Masongarth. All the dwellings are either one or two bedroom units suitable for single persons or couples aged 55 or over. The day to day management of the properties is undertaken by the Managing Agent, Harrogate Housing Association Limited, from its offices in Harrogate.

The Association supports the initiative for everyone in the United Kingdom to be able to live in decent housing and thus help promote sustainable communities. This is achieved through close monitoring of the condition of properties by the Managing Agent as well as through annual inspections by the Board, by adopting a proactive day to day repairs service and by the continued investment in major repairs. All properties have a valid Landlords' Gas Safety Record as required by legislation.

During the year very little work was required to be undertaken on the properties although some repointing work was undertaken to stop water ingress at the Markenfield Road properties and two external water stop taps needed to be replaced at Steelgarth. These two pieces of work account for over £3,000 of repair costs. The need for additional cavity wall insulation at one block of flats on Markenfield Road was also identified but this work though was not undertaken until January 2018.

The Board commissioned independent fire risk assessments of the communal areas in its properties during the year. The work identified as being required by the assessments has been undertaken. Some of the work was completed in the current year with the remainder being done in early 2018.

There was only one void during the year which was empty for 11 days. The fast turn round time on empty properties highlights the efficiency of the Managing Agent.

Harrogate Flower Fund Homes Limited has enjoyed a stable and successful year, resulting in the continued provision of a high quality and affordable service from a strong financial base.

Fixed assets

The changes in fixed assets during the year are set out in notes 10 and 11 of the financial statements.

Political and charitable donations

During the year the Association made no political or charitable contributions.

Funds available

The surplus each year is adequate to support the running of the twenty-seven existing homes. The Board considers that this surplus together with the liquid reserves and the ability to borrow will enable the Association to undertake any future developments.

Harrogate Flower Fund Homes Limited

Report of the Board For the year ended 31 December 2017

Tenant engagement

It is important that the views of tenants are considered when taking decisions and that high levels of tenant satisfaction are achieved.

The Board have regular contact with tenants. The annual property inspections undertaken by Board members took place in September and provided the opportunity to have individual discussions with tenants about their property, their tenancy and other related matters. The Board also organised two tenant specific events in June and December. These events enabled tenants and Board members to discuss matters in a more informal environment over refreshments. The Board see these events as a key way to keep in touch with tenants and gather satisfaction information. Feedback is given to the Managing Agent and matters raised are actioned appropriately.

In addition there is a Tenancy Committee consisting of members of the Board and representatives from both the Jennyfield and Starbeck properties. This group has a structured meeting once a year in March.

The Board are also informed at each of their meetings on the levels of tenant satisfaction being achieved for the repairs service. For the year ended 31 December 2017 this was 99.6% satisfaction calculated from 51 calls to tenants out of 104 jobs completed.

Future developments

The Board have agreed that utilisation of the Association's financial reserves should include the seeking of suitable additional property to purchase or build to meet identified housing need.

During the year the Board established a Development Committee comprising members of the Board and other contacts with experience and knowledge of development. The Committee is tasked with identifying potential development opportunities within Harrogate for discussion and approval by the Board. Given the cost and availability of land within Harrogate it is likely to take some time before an opportunity is identified. The Board is kept informed of the Committee's activities.

The Board have updated their five year business plan based on the current properties in ownership. The updated plan takes into consideration the 1% per year rent cut until 2020 imposed by the Government from 1 April 2016. The plan then assumes rents increase by CPI inflation plus 1%, as confirmed by the Government. The business plan confirms that the rent cut continues to be manageable.

Should an appropriate development opportunity arise the plan will be updated to include the additional properties it will deliver. Including additional properties in the business plan will have a positive impact on the long term finances of the Association.

The Board are not in favour of the disposal of properties under the voluntary right to buy scheme drawn up by the sector in response to Government policy as it will lead to a reduction in affordable rented properties for those on low incomes, especially in Harrogate. Once the scheme is finalised the Board will be in a better position to determine a way forward.

Harrogate Flower Fund Homes Limited

Report of the Board

For the year ended 31 December 2017

Value for money

The Association's definition of value for money is simple, it aims to deliver its objectives in the most cost effective way possible but ensuring that it provides quality homes and services which help its tenants remain independent.

The Board determined a number of years ago that the best value approach to managing and maintaining the properties, dealing with administrative tasks and the regulatory matters required for a registered provider was through the appointment of a managing agent. This was instead of direct employment of staff or the use of volunteers. By adopting this approach the range of skills, knowledge and IT systems at the disposal of the Association was significantly increased. Harrogate Housing Association Limited, a local registered provider itself, was appointed into this role. It provides a local office base, manages the repairs service, collects and administers rents and deals with all day to day tenant contact. It also provides administrative and accountancy/financial support to the Association and Board.

This approach has also enabled the Association to "piggy back" with Harrogate Housing Association Limited to secure a cost effective repairs service which would not be available to it on its own. For example both organisations use the same 24 hour emergency gas service and repairs company and the Association pays the same rates as Harrogate Housing Association Limited which has many more properties. The Association is also able to utilise the Harrogate Housing Association Limited 24 hour on call service and their approved contractors list for repairs. This list includes local trades people who do not charge VAT which results in savings as the VAT is an expense and not recoverable. By operating this way the Association is able to secure better rates than would be possible by working in isolation.

Tenant satisfaction with the service received from Harrogate Housing Association Limited remains high.

As noted in this report last year the basis of calculation and the level of fee being paid to Harrogate Housing Association Limited was under review. This work has now been concluded. Harrogate Housing Association Limited produced a schedule of costs it incurred in undertaking the work for the Association together with an extensive list of the tasks involved. The Board agreed that the Association should bear its share of the costs and agreed an increase to £1,150 per property per year plus annual inflation. This fee became payable from 1 April 2017 and covers all the housing management activities as well as management and financial accounting work, Board support and general administration work. The annual fee is therefore £31,050 up to 31 March 2018. Given the breadth and volume of work undertaken by Harrogate Housing Association Limited the Board still consider this level of fee to be value for money.

The Board also recognised that Harrogate Housing Association Limited is increasing its stock and so the cost per property should, over time, reduce. Any growth of the Association will also contribute to a reduction. Accordingly the new fee will only last for three years after which the costs will be reviewed and a new fee agreement negotiated.

The size of the Association, at only 27 units, makes comparison against others difficult especially as the Regulator does not capture or publish any information on associations with less than 1,000 properties. Very few associations the size of the Association subscribe to benchmarking clubs as the costs outweigh the benefits and are not therefore considered value for money. Given the information available the Association is performing in the top quartile in relation to arrears and voids. It is also aware of other housing providers who surrender all their rental income to the managing agent, who carry the risk on repairs, and therefore do not have a surplus. Compared to such providers the Board consider the fees paid to Harrogate Housing Association Limited are value for money.

Harrogate Flower Fund Homes Limited

Report of the Board

For the year ended 31 December 2017

Value for money (continued)

The Association prides itself on meeting the needs of its tenants wherever possible. This includes installing disabled accessible adaptations even where no funding is available. This increases the repairs costs but reflects the purpose of the Association which is to provide accommodation to older persons of limited means. By adopting this approach tenancies are sustained and low levels of voids occur.

Systems are in operation by the Managing Agent to ensure competitive quotes are obtained for any major work undertaken which ensures costs competitiveness.

As noted above the Association has two principal sites, Markenfield Road and Steelgarth, both of which are in Harrogate. The properties on both sites are well maintained, are easy to let (as evidenced by the low void loss of £151 in the year), require no major works (as identified on the annual inspections) and are in good neighbourhoods. The Board has not identified any individual property or group of properties which are not contributing to the surplus being generated by the Association. Therefore it is the aim of the Association to retain its existing assets and use its reserves, borrowing capacity and other value for money gains it makes to expand its property base when opportunities arise.

Governance arrangements

The Association has a Board which currently has 9 members. The rules allow for the membership to be increased up to 15 or to be as low as seven. The Board met four times during the year and all meetings have been quorate. The Board is responsible for setting the strategic direction of the Association and managing its day to day activities. The Board have delegated the latter to the Managing Agent, from which it receives regular reports on financial and operational performance.

The Board is supported by a Tenancy Committee which has seven members (three from the Board and four tenants). They meet annually to discuss tenant and tenancy related matters. Part of the meeting is undertaken without any of the staff of the Managing Agent being present so as to facilitate open and frank discussion on their performance. The Tenancy Committee is also responsible for undertaking the annual property inspections which were done in September.

The Association has adopted the NHF's Code of Governance – Promoting Board Excellence for Housing Associations 2015. The Association is compliant with the Code as at 31 December 2017 except that it has not undertaken a formal review of the performance of the Board. An informal review is undertaken as part of the preparation for the Annual General Meeting. A formal review will be undertaken during the year.

Harrogate Flower Fund Homes Limited

Report of the Board

For the year ended 31 December 2017

Statement of the Board's responsibilities in respect of the financial statements

The Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation require the Board to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Association and of the income and expenditure for the period of account.

In preparing these financial statements, the Board is required to:

1. Select suitable accounting policies and then apply them consistently.
2. Make judgements and estimates that are reasonable and prudent.
3. State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
4. Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

The Board is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Association and to enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015. It is 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.

Disclosure of information to Auditors

The Board members who held office at the date of approval of this Report confirm that, so far as they are each aware, there is no relevant audit information of which the Association's auditors are unaware; and each Board member has taken all the steps that they ought to have taken as a Board member to make themselves aware of any relevant audit information and to establish that the Association's auditors are aware of that information.

Statement on the Association's system of internal control

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

The Board recognises that no system of internal control can provide absolute assurance or eliminate all risk. The system of internal control is designed to manage risk, and to provide reasonable assurance that the key business objectives and expected outcomes will be achieved. It also exists to give reasonable assurance about the preparation and reliability of financial and operational information and the safeguarding of the Association's assets and interests.

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

The process adopted by the Board in reviewing the effectiveness of the system of internal control, together with some of the key elements of the control framework includes:

Harrogate Flower Fund Homes Limited

Report of the Board

For the year ended 31 December 2017

Identification and evaluation of key risks

Management responsibility has been clearly defined for the identification, evaluation and control of significant risks. There is a formal ongoing process of management review in each area of the Association's activities. The results continue to be reviewed by the Board on a regular basis. The Chief Executive of the Managing Agents is responsible for reporting significant risks or any changes in significant risks facing the Association to the Board within these reports.

Monitoring and corrective action

The Board is responsible for ensuring the process of control through self-assessment is effective and that management reporting on control issues provides hierarchical assurance to successive levels of management and to the Board. This includes a rigorous procedure for ensuring that effective monitoring is in place and that corrective action is taken in relation to any significant control issues, particularly those with a material impact on the financial statements.

Control environment and control procedures

The Board retains responsibility for a defined range of issues covering strategic, operational, financial, and compliance issues including treasury strategy and new investment projects. Policies and procedures cover such issues as delegated authority, segregation of duties, accounting, treasury management, health and safety, data and asset protection and fraud prevention and detection.

Information and financial reporting systems

Financial reporting procedures include detailed budgets for the year ahead and forecasts for subsequent years. These are reviewed and approved by the Board. The Board also reviews key performance indicators regularly to assess progress towards the achievement of key business objectives, targets and outcomes.

Auditors

In accordance with the Co-operative and Community Benefit Societies Act 2014 a resolution to re-appoint Beever and Struthers as the Association's Auditors, will be proposed at the Annual General Meeting.

Governance and Financial Viability

The Board confirms that the Association complies with the Regulator of Social Housing's Governance and Financial Viability Standard.

Approved by the Board on 15 May 2018

Mrs M-A de Courcey-Bayley
Chair

Harrogate Flower Fund Homes Limited

Independent Auditor's Report to the members of Harrogate Flower Fund Homes Limited

Opinion

We have audited the financial statements of Harrogate Flower Fund Homes Limited "the Association" for the year ended 31 December 2017 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Reserves, the Statement of Cash Flows and notes to the financial statements including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Association's members, as a body, in accordance with section 87(2) of the Cooperative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the association and the association's members as a body for our audit work, for this report, or for the opinions we have formed.

In our opinion, the financial statements:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Harrogate Flower Fund Homes Limited

Independent Auditor's Report to the members of Harrogate Flower Fund Homes Limited

Conclusions relating to going concern

We have nothing to report to you in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Board's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Board have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Association's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Board is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Co-operative and Community Benefit Societies Act 2014

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Board's 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 in relation to which Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

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

Harrogate Flower Fund Homes Limited

Independent Auditor's Report to the members of Harrogate Flower Fund Homes Limited

Responsibilities of the Board

As explained more fully in the Statement of Board's Responsibilities set out on page 7, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's web-site at <http://www.frc.org.uk/auditors/audit-assurance/auditor-s-responsibilities-for-the-audit-of-the-fi/description-of-the-auditor%E2%80%99s-responsibilities-for>. This description forms part of our auditor's report.

Beever and Struthers
Statutory Auditor
St George's House
215-219 Chester Road
Manchester
M15 4JE

Date: 24 May 2018

Harrogate Flower Fund Homes Limited

Statement of Comprehensive Income For the year ended 31 December 2017

	Notes	2017 £	2016 £
Turnover	3/4	144,721	145,787
Operating expenditure	3/4	(92,054)	(90,125)
Operating surplus		52,667	55,662
Interest receivable	5	1,406	2,144
Surplus before taxation		54,073	57,806
Taxation	8	-	-
Surplus for the year	6	54,073	57,806
Total comprehensive income for the year		54,073	57,806

All of the above results derive from the continuing operations of the Association.

The notes on pages 16 to 27 form an integral part of these financial statements.

The financial statements on pages 12 to 27 were approved and authorised for issue by the Board on 15 May 2018 and were signed on its behalf by:-

..... Chair
Mrs M-A de Coursey-Bayley

..... Secretary
Miss F J Hildred

..... Treasurer
Mr J Perry

Harrogate Flower Fund Homes Limited

Statement of Financial Position As at 31 December 2017

	Notes	2017		2016	
Fixed assets		£	£	£	£
Tangible fixed assets – housing properties	10		1,315,691		1,339,628
Other tangible fixed assets	11		101		203
			<u>1,315,792</u>		<u>1,339,831</u>
Current assets					
Trade and other debtors	12	4,525		4,132	
Cash and cash equivalents	13	574,272		497,824	
		<u>578,797</u>		<u>501,956</u>	
<u>Less:</u>					
Creditors: amounts falling due within one year	14	(20,604)		(17,673)	
Net current assets			<u>558,193</u>		<u>484,283</u>
Total assets less current liabilities			<u>1,873,985</u>		<u>1,824,114</u>
Creditors: amounts falling due after more than one year	15		(258,674)		(262,879)
Total net assets			<u>1,615,311</u>		<u>1,561,235</u>
Reserves					
Non-equity share capital	17		42		41
Income and expenditure reserve			<u>1,615,269</u>		<u>1,561,194</u>
Total reserves			<u>1,615,311</u>		<u>1,561,235</u>

The notes on pages 16 to 27 form an integral part of these financial statements.

The financial statements on pages 12 to 27 were approved and authorised for issue by the Board on 15 May 2018 and were signed on its behalf by:-

..... Chair
Mrs M-A de Courcey-Bayley

..... Secretary
Miss F Hildred

..... Treasurer
Mr J Perry

Harrogate Flower Fund Homes Limited

Statement of Changes in Reserves For the year ended 31 December 2017

	Non-equity share capital £	Income & Expenditure Reserve £	Total £
Balance at 1 January 2016	37	1,503,383	1,503,420
Total comprehensive income for the year	-	57,806	57,806
Shares issued during the year	9	-	9
Member share contributions	(5)	5	-
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2016	41	1,561,194	1,561,235
Total comprehensive income for the year	-	54,073	54,073
Shares issued during the year	3	-	3
Member share contributions	(2)	2	-
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2017	42	1,615,269	1,615,311
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 16 to 27 form an integral part of these financial statements.

Harrogate Flower Fund Homes Limited

Statement of Cash Flows For the year ended 31 December 2017

	2017		2016	
	£	£	£	£
Net cash generated from operating activities (see Note 1 below)		75,039		76,579
Cash flow from investing activities				
Purchase of tangible fixed assets	-		(3,061)	
Interest received	1,406		2,144	
Members contribution	3		9	
		<u>1,409</u>	<u></u>	<u>(908)</u>
Net change in cash and cash equivalents		76,448		75,671
Cash and cash equivalents at beginning of the year		<u>497,824</u>		<u>422,153</u>
Cash and cash equivalents at end of the year		<u><u>574,272</u></u>		<u><u>497,824</u></u>
Note 1				
Surplus for the year		54,073		57,806
Adjustments for non-cash items:				
Depreciation of tangible fixed assets		24,039		24,041
Amortisation of government grants		(4,205)		(4,205)
(Increase)/Decrease in trade and other debtors		(393)		587
Increase in trade and other creditors		2,931		262
Loss on disposal of tangible fixed assets		-		232
Adjustments for investing or financing activities:				
Interest received		<u>(1,406)</u>		<u>(2,144)</u>
Net cash generated from operating activities		<u><u>75,039</u></u>		<u><u>76,579</u></u>

The notes on pages 16 to 27 form an integral part of these financial statements.

Harrogate Flower Fund Homes Limited

Notes to the Financial Statements For the year ended 31 December 2017

1. General information

The Association is incorporated in England under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Regulator of Social Housing as a Private Registered Provider of Social Housing. The registered office is 10 High Street, Harrogate, North Yorkshire, HG2 7HY.

2. Principal accounting policies

Basis of accounting

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

The financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015. The accounts are prepared on the historical cost basis of accounting and are presented in pounds sterling.

The financial statements have been prepared in compliance with FRS 102. In complying with FRS 102 the Association meets the definition of a public benefit entity.

Going concern

The financial statements have been prepared on a going concern basis which assumes an ability to continue operating for the foreseeable future. No significant concerns have been noted and we consider it appropriate to continue to prepare the financial statements on a going concern basis based on the Association's business plan.

Judgements and key sources of estimation uncertainty

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

a. Categorisation of housing properties

The Association has undertaken a detailed review of the intended use of all housing properties. In determining the intended use, the Association has considered whether the asset is held for social benefit or to earn commercial rentals.

b. Impairment

The Association has identified a cash generating unit for impairment assessment purposes at a property scheme level.

Harrogate Flower Fund Homes Limited

Notes to the Financial Statements For the year ended 31 December 2017

2. Principal accounting policies (continued)

Other key sources of estimation and assumptions:

a. Tangible fixed assets

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

b. Impairment of non-financial assets

Reviews for impairment of housing properties are carried out when a trigger has occurred and any impairment loss in a cash generating unit is recognised by a charge to the Statement of Comprehensive Income. Impairment is recognised where the carrying value of a cash generating unit exceeds the higher of its net realisable value or its value in use. A cash generating unit is normally a group of properties at scheme level whose cash income can be separately identified.

The Association has assessed that no trigger for an impairment review has occurred.

Turnover and revenue recognition

Turnover represents rental income receivable and amortised capital grant and is recognised in relation to the period when the goods or services have been supplied. Rental income is recognised when the property is available for let, net of voids.

Service charges

Service charge income and costs are recognised on an accruals basis.

Taxation

The Association has charitable status and is therefore exempt from UK corporation tax on charitable activities.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, less accumulated depreciation.

Freehold land is not depreciated.

Housing properties

Where a housing property comprises two or more major components with substantially different useful economic lives (UELs), each component is accounted for separately and depreciated over its individual UEL. Expenditure relating to subsequent replacement or renewal of components is capitalised as incurred.

Harrogate Flower Fund Homes Limited

Notes to the Financial Statements For the year ended 31 December 2017

2. Principal accounting policies (continued)

The Association depreciates freehold housing properties by component on a straight-line basis over the estimated UELs of the component categories.

UELs for identified components are as follows:

Structure	80 years
Roofs	70 years
Windows and doors	30 years
Gas boilers and fires	15 years
Kitchens	20 years
Bathrooms, mechanical systems, electrics	30 years
Stair lifts	10 years
Envirovents and Eurovents	10 years

Depreciation is charged on other tangible fixed assets on a straight-line basis over the expected economic useful lives which are as follows:

Office equipment	5 years
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Property managed by agents

Where the Association carries the majority of the financial risk on property managed by agents, income arising from the property is included in the Statement of Comprehensive Income.

The assets and associated liabilities are included in the Association's Statement of Financial Position.

Short-term debtors and creditors

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

Harrogate Flower Fund Homes Limited

Notes to the Financial Statements For the year ended 31 December 2017

2. Principal accounting policies (continued)

Social Housing and other government grants

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

When Social Housing Grant in respect of housing properties in the course of construction exceeds the total cost to date of those housing properties, the excess is shown as a current liability.

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

Financial Instruments

The Association only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Impairment of Financial Assets

Financial assets are assessed at each reporting date to determine whether there is any objective evidence that a financial asset or group of financial assets is impaired. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

Harrogate Flower Fund Homes Limited

Notes to the Financial Statements For the year ended 31 December 2017

3. Particulars of turnover, operating expenditure and operating surplus

	2017		
	Turnover	Operating Expenditure	Operating Surplus
	£	£	£
Social housing lettings (see note 4)	144,721	(92,054)	52,667
Total	144,721	(92,054)	52,667
	2016		
	Turnover	Operating Expenditure	Operating Surplus
	£	£	£
Social housing lettings (see note 4)	145,787	(90,125)	55,662
Total	145,787	(90,125)	55,662

Harrogate Flower Fund Homes Limited

Notes to the Financial Statements For the year ended 31 December 2017

4. Particulars of turnover and operating expenditure from social housing lettings

	General Housing £	Total 2017 £	Total 2016 £
Income			
Rent receivable net of identifiable service charges and net of voids	129,961	129,961	129,539
Service charge income	10,555	10,555	12,043
Amortised government grants	4,205	4,205	4,205
Total turnover from social housing lettings	144,721	144,721	145,787
Operating expenditure			
Management	39,016	39,016	31,286
Service charge costs	9,166	9,166	9,245
Routine maintenance	18,531	18,531	19,291
Planned maintenance	1,404	1,404	6,030
Depreciation of housing properties	23,937	23,937	24,041
Loss on disposal of components	-	-	232
Total operating expenditure on social housing lettings	92,054	92,054	90,125
Operating surplus on social housing lettings	52,667	52,667	55,662
Void losses (being rental and service charge income lost as a result of property not being let, although it is available for letting)	151	151	1,866
5. Interest receivable	2017 £		2016 £
Bank interest received	1,406		2,144
6. Surplus for the year	2017 £		2016 £
Is stated after charging/(crediting):			
Auditor's remuneration (excluding VAT):			
In their capacity as auditors	2,161		2,050
In respect of other services	309		300
Depreciation	24,039		24,041
Profit/loss on disposal of fixed assets	-		232
Amortisation of government grants	(4,205)		(4,205)

Harrogate Flower Fund Homes Limited

Notes to the Financial Statements For the year ended 31 December 2017

7. Accommodation managed by others	2017	2016
	Number of properties	Number of properties
General Housing	27	27
	=====	=====

8. Taxation

The Association has charitable status and is therefore exempt from UK corporation tax on charitable activities.

9. Employees and Key Management Personnel

The Association has no employees (2016 – none). Key management personnel are defined as the Members of the Board. The day to day management of the properties is undertaken by Harrogate Housing Association Limited from their offices in Harrogate.

No Board member received any remuneration in the year (2016 – £Nil).

No Board member received expenses in the year (2016 – £42).

10. Tangible fixed assets – housing properties

	Masongarth	Greengarth	Steelgarth	Housing Properties Total
	£	£	£	£
Cost				
At 1 January 2017	316,131	328,016	999,491	1,643,638
Replacement of components	-	-	-	-
Disposal of components	-	-	-	-
At 31 December 2017	316,131	328,016	999,491	1,643,638
	-----	-----	-----	-----
Depreciation				
At 1 January 2017	57,729	99,130	147,151	304,010
Charge for the year	4,149	3,873	15,915	23,937
Eliminated on disposals	-	-	-	-
At 31 December 2017	61,878	103,003	163,066	327,947
	-----	-----	-----	-----
Net book value				
At 31 December 2017	254,253	225,013	836,425	1,315,691
	=====	=====	=====	=====
At 31 December 2016	258,402	228,886	852,340	1,339,628
	=====	=====	=====	=====
Housing properties comprise:				
Freeholds				1,315,691
Long leasehold				-

				1,315,691
				=====

Harrogate Flower Fund Homes Limited

Notes to the Financial Statements For the year ended 31 December 2017

10. Tangible fixed assets – housing properties (continued)

In 1979 the Association arranged the building of twelve flats, known as Greengarth. These properties were built with the assistance of Housing Corporation (now Homes England) finance.

During 1991 the Association arranged a further scheme of six flats, known as Steelgarth. This scheme has been fully funded from the Association's own resources. The adjacent property was acquired in 2008 and development was completed in 2011, providing four further flats and one house, available from May 2011. This scheme was partially funded with a grant.

During 2000 the Association arranged a further scheme of four flats, known as Masongarth, built on land already owned by the Association adjacent to Greengarth. This scheme was fully funded from the Association's own resources.

11. Other tangible fixed assets

	Office equipment £	Other fixed assets total £
Cost		
At 1 January 2017	509	509
Additions	-	-
Disposals	-	-
	<hr/>	<hr/>
At 31 December 2017	509	509
	<hr/>	<hr/>
Depreciation		
At 1 January 2017	306	306
Charge for the year	102	102
Disposals	-	-
	<hr/>	<hr/>
At 31 December 2017	408	408
	<hr/>	<hr/>
Net book value		
At 31 December 2017	101	101
	<hr/> <hr/>	<hr/> <hr/>
At 31 December 2016	203	203
	<hr/> <hr/>	<hr/> <hr/>

Harrogate Flower Fund Homes Limited

Notes to the Financial Statements For the year ended 31 December 2017

12. Trade and other debtors	2017	2016
	£	£
Amounts falling due within one year:		
Rental debtors	-	62
<u>Less: Provision for bad debts</u>	-	-
	<u>-</u>	<u>62</u>
Prepayments and accrued income	2,795	2,570
Other debtors	1,730	1,500
	<u>4,525</u>	<u>4,132</u>
	<u><u>4,525</u></u>	<u><u>4,132</u></u>
13. Cash and cash equivalents	2017	2016
	£	£
Cash at bank	574,272	497,824
	<u>574,272</u>	<u>497,824</u>
	<u><u>574,272</u></u>	<u><u>497,824</u></u>
14. Creditors: amounts falling due within one year	2017	2016
	£	£
Trade creditors	629	2,353
Rents and service charges paid in advance	5,294	7,261
Accruals and deferred income	8,994	3,814
Other creditors	1,482	40
Unamortised government grants (Note 16)	4,205	4,205
	<u>20,604</u>	<u>17,673</u>
	<u><u>20,604</u></u>	<u><u>17,673</u></u>
15. Creditors: amounts falling due after more than one year	2017	2016
	£	£
Unamortised government grants (Note 16)	258,674	262,879
	<u>258,674</u>	<u>262,879</u>
	<u><u>258,674</u></u>	<u><u>262,879</u></u>

Harrogate Flower Fund Homes Limited

Notes to the Financial Statements For the year ended 31 December 2017

16. Deferred income

The amount of unamortised government grants at the year-end relate to social housing grant which is amortised in accordance with the stated accounting policy.

	2017	2016
	£	£
Unamortised government grant		
At start of year	267,084	271,289
Released to income in the year	(4,205)	(4,205)
Received in year	-	-
	<hr/>	<hr/>
	262,879	267,084
	<hr/> <hr/>	<hr/> <hr/>
Amounts due to be released < 1 year	4,205	4,205
Amounts due to be released > 1 year	258,674	262,879
	<hr/>	<hr/>
	262,879	267,084
	<hr/> <hr/>	<hr/> <hr/>

17. Non-equity share capital

	2017	2016
	£	£
Allotted, issued and fully paid:		
At 1 January 2017	41	37
Issued during the year	3	9
Surrendered during the year	(2)	(5)
	<hr/>	<hr/>
At 31 December 2017	42	41
	<hr/> <hr/>	<hr/> <hr/>

The par value of each share is £1.

The shares do not have a right to any dividend or distribution in a winding up, and are not redeemable. Each share has full voting rights.

18. Capital commitments

At the balance sheet date there were no capital commitments (2016 – £Nil).

19. Contingent liabilities

At the balance sheet date there were no contingent liabilities (2016 – £Nil).

Harrogate Flower Fund Homes Limited

Notes to the Financial Statements For the year ended 31 December 2017

20. Grant and financial assistance	2017	2016
	£	£
The total accumulated government grant and financial assistance received or receivable at 31 December.	336,380	336,380
	<hr/>	<hr/>
Held as deferred capital grant	262,879	267,084
Recognised as income in the Statement of Comprehensive Income	73,501	69,296
	<hr/>	<hr/>
	336,380	336,380
	<hr/>	<hr/>

21. Related party transactions

Related parties consist of the Board members and Harrogate Housing Association Limited, the managing agent.

No Board members received expenses in the year (2016 – £42).

There is one tenant member of the Board and one tenant resigned from the Board during the year on 19 April 2017. Their tenancies are on normal commercial terms and they are not able to use their position to their advantage. During the year ended 31 December 2017 they paid rent and service charges totalling £7,161 (2016 – £9,841) and as at 31 December 2017 the rent account was in credit by a total of £186 (2016 – £197).

During the year the Association purchased services from Harrogate Housing Association Limited totalling £24,752 (2016 – £22,590). At the balance sheet date £27 (2016 – £Nil) was owed to Harrogate Housing Association Limited and a further £5,288 was included in accruals (2016 – £Nil).

Harrogate Flower Fund Homes Limited

Notes to the Financial Statements For the year ended 31 December 2017

22. Financial instruments	2017	2016
	£	£
The Association's financial instruments may be analysed as follows:		
Financial assets measured at historical cost:		
Rental debtors	-	62
Other debtors	1,730	1,500
Cash and cash equivalents	574,272	497,824
	<hr/>	<hr/>
Total financial assets	576,002	499,386
	<hr/>	<hr/>
Financial liabilities measured at historical cost:		
Rent received in advance	5,294	7,261
Creditors	2,111	2,393
Accruals	8,994	3,814
Financial liabilities measured at amortised cost:		
Government grants	262,879	267,084
	<hr/>	<hr/>
Total financial liabilities	279,278	280,552
	<hr/>	<hr/>