

Company Registration No. 04375380 (England and Wales)

HOMES FOR NORTHUMBERLAND LIMITED

**Annual Report and Financial Statements
for the Year Ended 31 March 2016**

Contents

Introduction	1
Strategic Report	2
Directors' Report	6
Directors' Responsibilities Statement	9
Independent Auditor's Report to the Members of Homes for Northumberland Limited	10
Profit and loss account	12
Balance Sheet	13
Statement of comprehensive Income	14
Statement of changes in equity	15
Notes to the Financial Statements	16

Introduction

Homes for Northumberland

Homes for Northumberland Limited is an Arm's Length Management Organisation (ALMO) of Northumberland County Council. The principal activities of the Company are the management, day to day maintenance and capital improvement programme of council housing stock on behalf of the Council. The Company also owns, manages and lets 22 properties (4 in shared ownership) on a site in Allendale in Northumberland.

The Company was initially established as Blyth Valley Housing Limited under round two of the Government's Arms Length Housing Management Programme. It was incorporated on 15 February 2002 and commenced operations on 1 April 2002. On 1 April 2009 it changed its name to Homes for Northumberland Limited following local government reorganisation in Northumberland when six district councils and the county council merged into one unitary authority. On that date, the Company expanded to take on responsibility for the management of the Council's housing stock in the district of Alnwick as well as Blyth Valley.

The Company's vision is to create and sustain better homes, services, neighbourhoods and communities.

The Company's core objectives are to:

- Deliver improving services;
- Be a well-run and cost effective business;
- Empower tenants; and
- Build a stronger future.

Strategic Report

Review of the Business – Operational Issues

The key operational event that affected Homes for Northumberland in 2015/16 was an announcement by Northumberland County Council that it would take the housing management back in house from 1 September 2015. The Council transferred all of Homes for Northumberland Limited's activities and staff at that date on a TUPE basis (transfer of undertakings protection of employment). Homes for Northumberland Limited then continued to operate after this date but only as a vehicle to hold the 22 properties in Allendale. Further negotiations have taken place with Northumberland County Council, in a view that within the next twelve months the Allendale Properties and all related assets and liabilities, be transferred to Northumberland County Council. The board have agreed this transfer, and accept that the company will not be a going concern.

For the first five months of the financial year Homes for Northumberland continued to provide the effective management of the housing stock whilst continuing to provide in house works for heating replacement, and kitchens and bathrooms installation, which were funded through the capital programme. We also continued to work directly with Northumberland County Council to install solar voltaic panels on the roofs of council houses. In addition to this core work we had projects which covered a number of business streams:

- Management of responsive electrical and plumbing repairs and maintenance of public buildings is on behalf of Northumberland County Council;
- Managing facilities at the Haltwhistle Integrated Care Scheme. This pioneering purpose-built scheme is one of the first to provide hospital and social care support under one roof. The facility has 12 extra-care flats on the ground floor and 15 hospital beds providing rehabilitation support and care for elderly patients;
- Undertaken project management work on behalf of Northumberland County Council in relation to their council house new build programme;
- Repairs and maintenance work on the Council's wider (ie non-housing) property portfolio, and .
- Redevelopment of an area within Blyth, including rendering and groundworks in partnership with Northumberland County Council.

Strategic Report (continued)

Review of the Business - Operational Issues (continued)

Homes for Northumberland Limited's housing management activities in 2015/16 have continued against the background of significant changes to the welfare system and in particular, the impact of under-occupancy on housing benefit entitlement. These new rules, which affect people of working age, reduce housing benefit payments in the circumstance in which a home is considered to be too large for the household's needs.

The operational issues for Homes for Northumberland Limited in the year were:-

- From 1 April to 31 August 2015 we repaired and allocated 284 non capital voids (30 day priority) and for the same period we repaired and allocated 65 capital voids (90 day priority). In total the number of properties that were repaired and allocated was 349;
- The voids team was a new team brought together to improve performance and provide an excellent service to our customers in turning void properties around more quickly. This resulted in properties being available at an acceptable standard for re-let to tenants,
- At the end of August we had 81 non capital voids and 27 capital voids outstanding, a total of 108 properties that required work to be carried out and allocated.
- Overall the capital voids that were outstanding as of the 31 August 2015 amounted to rent loss of £64,045.

During the period 1 April 2015 to 31 August 2015, we opened 147 new cases of anti-social behaviour. As part of our non-legal intervention process, we facilitated the signing of 1 acceptable behaviour agreement. A total of 4 notices were served which lead to court related actions following the 31 August 2015. Our approach is always to prevent cases escalating to legal action but unfortunately this was required in a limited number of situations.

Homes for Northumberland Limited has one subsidiary, Building for Northumberland Limited. Building for Northumberland Limited; was registered with the Homes and Communities Agency as a provider of social housing on 5 March 2015 and designed and built two detached bungalows. During the year the completed bungalows were transferred to Northumberland County Council to be part of their housing stock. The Directors have elected not to prepare group financial statements in respect of these undertakings in accordance with section 400 Exemption for company included in EEA group financial statements of larger group

Review of the Business - Financial Results for the Year

The Company's financial statements for the last two years are summarised below:

	2015/16	Restated 2014/15
	£000	£000
Total income	<u>9,228</u>	<u>19,178</u>
Operating costs	<u>(8,296)</u>	<u>(17,763)</u>
Operating surplus	932	1,415
Net interest charges and tax	(151)	(262)
Surplus for the year	<u><u>781</u></u>	<u><u>1,153</u></u>

Strategic Report (continued)

Review of the Business – Financial Results for the Year (continued)

	2015/16	2014/15	2013/14	2012/13	2011/12
Profit/(Loss)	£781k	£1,153k**	£483k	(£205k)*	(£423k)

* The deficit reported in 2012/13 was £1,591k, however, this was after an exceptional charge of £1,386k related to a voluntary redundancy programme. This has been adjusted for in the table above.

** The profit in 2014/15 has been restated from £1,172 due to adoption of financial reporting standard FRS 102 for Holiday Pay and pension costs.

The 2013/14 and earlier results are not restated in line with FRS 102.

The key factors influencing this position have been:

- Additional revenue generated through new business activities;
- Continued focus on cost reductions; and
- Operations transferring to Northumberland County Council at 1 September 2015.

We have successfully addressed the key factors above and have ensured that the costs associated with new business have been met from sources other than the management fee received from Northumberland County Council which represents rent-payers' funding that cannot, legally, be spent on anything other than council housing.

Future Developments

Homes for Northumberland Limited will continue to trade over the next 12 months but will cease to trade before March 2017.

Key Performance Indicators

The table below sets out the position for those performance indicators that are used by management and the Strategic Board to monitor performance against objectives and overall strategy:

Description	Is high or low better?	Target 2015/16	Outturn at 31 August 2015	Outturn 2014/15
Percentage of Customer Service Centre Calls abandoned	L	4	1.63	1.60
Percentage of enquiries dealt with at the first point of contact	H	95	98.53	97.66
Percentage of calls answered in target time	H	80	89.37	88.89
Current tenant rent arrears outstanding	L	£511,500	£776,463	£575,580
Former tenant rent arrears outstanding	L	£434,000	£635,436	£434,000
Percentage of rent collected (excluding arrears brought forward)	H	1.65	2.42	1.86
Percentage rent lost through vacant dwellings	L	1.00	1.25	1.25
Percentage of gas servicing certificates completed	H	100.00	100	100
Percentage of solid fuel servicing certificates completed	H	100.00	100	100
Percentage of emergency repairs completed within target time	H	99.20	99.46	99.37
Percentage of repairs fixed first time	H	97.00	98.96	97.50
Average number of days to re-let housing	L	30	27.92	33.03

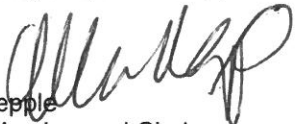
Strategic Report (continued)

Risks and Uncertainties

The table below sets out the key risks faced by Homes for Northumberland Limited:

Risk	Impact	Assessment of change in risk from 2014/15	Mitigation of risk
The uncertainty associated with the transfer of Allendale properties to Northumberland County Council.	<ul style="list-style-type: none"> • Possible Repayment of Homes and Communities Agency grant. • Uncertainty for Allendale tenants in relation to potential change in landlord . 	This is a new risk identified in 2015/16.	<ul style="list-style-type: none"> • Establish open communications with tenants and Housing staff at Northumberland County Council to support through transition. • Complete relevant calculations for Homes and Communities Agency to establish if any clawback and keep communications flowing between all parties.

The strategic report was approved by the Board and signed on it's behalf by


 Allan Hepple
 Board Member and Chair
 7 November 2016

Directors' Report

Directors

The directors present the annual report and the audited financial statements.

The names of the Directors who have served during the year and up to the date of these financial statements are as follows:

Geoffrey Paul	Chair (from 8 July 2015)	Board Member
Kevin Lowry	(from 8 July 2015, ceased 31 March 2016)	Board Member
Paul Jones	(from 18 March 2016)	Board Member
Cllr Allan Hepple		Council Member
Cllr Robert Arkless	(ceased 8 July 2015)	Council Member
Cllr Gordon Webb	(ceased 8 July 2015)	Council Member
Cllr Dierdre Campbell	(ceased 19 August 2015)	Council Member
Karen Bailey	(ceased 8 July 2015)	Tenant Board Member
Maureen McAvoy	(ceased 8 July 2015)	Tenant Board Member
Barbara Woodward	(ceased 8 July 2015)	Tenant Board Member
Ian North	Chair (ceased 8 July 2015)	Independent Board Member
Clare Butterfield	(ceased 8 July 2015)	Independent Board Member
Louise Taylor	(ceased 28 July 2015)	Independent Board Member

Company Secretary

Paul Harrison	(ceased 10 July 2015)
Kevin Lowry	(from 8 July 2015, ceased 31 March 2016)

Registered Office (Changed on 18 March 2016)

County Hall
Morpeth
Northumberland
NE61 2EF

Previous Registered Office
Civic Centre
Blyth
Northumberland
NE24 2BX

Registered number

Registered under the Companies Act 2006 (registered number 04375380) Homes for Northumberland was incorporated and domiciled in the United Kingdom.

Auditor

Deloitte LLP
Chartered Accountants and Statutory Auditor
One Trinity Gardens
Broad Chare
Newcastle-upon-Tyne
Tyne & Wear
United Kingdom
NE1 2HF, UK

Directors' Report (continued)

Solicitors

Ward Hadaway Solicitors
Sandgate House
102 Quayside
Newcastle upon Tyne
NE1 3DX

Trowers & Hamlins
Sceptre Court
40 Tower Hill
London
EC3N 4DX

Bankers

HSBC Bank
Maingate
Kingsway North
Team Valley trading Estate
Gateshead
NE11 0BE

Board Members and Executive Directors

The Company's Board Membership during the year is set out above.

At the Board meeting on 21 May 2015, the decision was made to have a smaller Board to manage the transfer to the Council with the Articles of Association amended to reduce the quorum to two. Allan Hepple would remain as the representative of the sole member (NCC) with other Board Members tendering their resignation once an indemnity against liability had been provided by NCC. Geoff Paul and Kevin Lowry were appointed as new Board Members.

The senior tier of management in the Company was the Executive Team which consisted of the Managing Director and Director of Operations. Following the transfer of the activities to Northumberland County Council on 1 September 2015, the Managing Director became an employee of Northumberland County Council, and a board member of Homes for Northumberland. The Director of Operations left the company on 31 October 2015. At a Board meeting on 18 March 2016, Paul Jones was appointed as a Board Member and Kevin Lowry agreed he would cease to be a Board member from 31 March 2016 when he was leaving his post.

An Indemnity Insurance policy is in place with a third party to indemnify Board Members and officers against liability when acting for the Company.

Supplier Payment Policy

The Company pays suppliers, where possible, within suppliers' credit terms.

Political Donations and Expenditure

The Company made no political donations and did not incur any political expenditure in the year ended 31 March 2016 (2015: £nil).

Employees with Disabilities

The Company positively welcomed applications for recruitment from people with disabilities and had systems in place to ensure that any person with a disability was not disadvantaged in the recruitment process. There were comprehensive support systems to ensure that, should an employee develop a disability whilst working for the Company, support will be provided to maximise the possibility of them being able to continue to work. With advice and guidance from an occupational health service, a range of adaptations/changes to work patterns could be considered to enable staff to remain in employment. All staff had access to a benefits package that includes financial support for optical and dental costs, and money back on a range of complementary treatments and a 24 hour employee assistance programme.

Employee Consultation

The Company has a strong and positive tradition of fully consulting with its recognised trades unions. A formal consultation exercise was carried out with staff around the transfer of employees and activities into Northumberland County Council, Trade unions were fully briefed and were available to comment and advise on the process

Directors' Report (continued)

Employee Participation

During the year staff were kept up to date with issues affecting them via monthly staff briefing notes from the communications team and monthly team brief meetings ran by the Executive team. These briefings involved business performance and financial review of the company. Staff were also given the opportunity to identify topics for discussion, from within their work area, to inform others across the company of issues which may affect them or the environment which they work in.

Team meetings were held across the company, with the trade employees having tool box talks and regular Union meetings.

Employees had the opportunity to feed back any comments or concerns either face to face or via a confidential email

Auditor

Each of the persons who is a Director at the date of this report confirms that:

- so far as they are each aware, there is no relevant audit information to which the Company's Auditor is unaware; and
- management has taken all the necessary steps that he or she ought to have taken to make himself or herself aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

This confirmation is given, and should be interpreted in accordance with, the provisions of s418 of the Companies Act 2006.

Going Concern

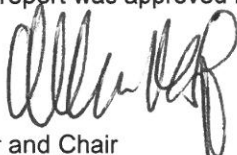
The decision by Northumberland County Council to take direct control of housing management had a significant impact on Homes for Northumberland Limited. Following the transfer of the management activities to Northumberland County Council, the assets and liabilities that remained in the company were in relation to the 22 properties in Allendale.

Going forward, Northumberland County Council are in negotiations with the Board to accept the transfer of the Allendale properties during 2016/17. The board are expecting that the transfer would be made within the next six months and that, subsequent to this, the company will be wound up. Therefore as the company is not expected to continue in business after this transfer, the financial statements have been prepared under a basis other than going concern.

Further detail regarding the non-adoption of the going concern basis can be found in Note 1 – the Statement of Accounting Policies on page 16.

The Director's report was approved by the Board and signed on it's behalf by:

Allan Hepple
Board Member and Chair



7 November 2016

Directors' Responsibilities Statement

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.


Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Company law and including FRS 102 "the financial reporting standard applicable in the UK and Republic of Ireland" the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board and signed on its behalf.



Allan Heppie
Board Member and Chair

7 November 2016

Independent Auditor's Report to the members of Homes for Northumberland Limited

We have audited the financial statements of Homes for Northumberland Limited for the year ended 31 March 2016 which comprise the Profit and Loss Account, the Statement of Financial Position, the Statement of Comprehensive Income, the Statement of Changes in Equity and the related notes 1 to 28. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter – financial statements prepared other than on a going concern basis

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements which explains that the financial statements have been prepared on a basis other than that of a going concern.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Directors' Report.

Matters on which we are required to report by exception

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

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



Paul Hewitson FCA (Senior statutory auditor)

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor

Newcastle

7 November 2016

Profit and loss Account
For the year ended 31 March 2016

	Note	Continuing operations 2016 £000	Discontinuing operations 2016 £000	Total 2016 £000	Continuing operations 2015 £000	Discontinuing operations 2015 £000	Restated Total 2015 £000
Turnover	2	106	4,802	4,908	-	11,526	11,526
Cost of sales		(38)	(6,963)	(7,001)	(34)	(14,301)	(14,335)
Gross loss		68	(2,161)	(2,093)	(34)	(2,775)	(2,809)
Distribution Costs		-	-	-	-	-	-
Administrative expenses		-	(1,295)	(1,295)	-	(3,428)	(3,428)
Other operating income		-	4,320	4,320	101	7,551	7,652
Operating profit		68	864	932	67	1,348	1,415
Finance costs (net)	8	(61)	(90)	(151)	(62)	(200)	(262)
Profit on ordinary activities before taxation	4	7	774	781	5	1,148	1,153
Tax on profit on ordinary activities	9	-	-	-	-	-	-
Profit for financial year		7	774	781	5	1,148	1,153


In 2014/15 Allendale rental income was £101k and was included in other operating income. From 2015/16 this has been reclassified in recognition of ongoing business activities

**Statement of Financial Position
As at 31 March 2016**

	Note	2016 £000	Restated 2015 £000
Fixed Assets			
Property, Plant and Equipment	10	-	2,791
Current Assets			
Property, Plant and Equipment	10	2,585	-
Stocks	11		384
Debtors	12	10	2,211
Cash at bank in hand	13	30	1,666
		<u>2,625</u>	<u>4,261</u>
Creditors: amounts falling due within one year	14	(2,598)	(2,766)
Net current assets		27	1,495
Total assets less current liabilities		<u>27</u>	<u>4,286</u>
Creditors: amounts falling due after more than one year	15	-	(2,580)
Provision for liabilities	19	-	(7,080)
Provision for Holiday pay		-	(114)
Net assets / (liabilities)		<u>27</u>	<u>(5,488)</u>
Capital and reserves			
Profit and loss account excluding pensions	17	27	1,592
Pension Reserve	17	-	(7,080)
Shareholders' funds (deficit)		<u>27</u>	<u>(5,488)</u>

The financial statements of Homes for Northumberland Limited, registered number 04375380, were approved by the Board of Directors and authorised for issue on.

Signed on their behalf by


Allan Hepple
Board Member and Chair

7 November 2016

**Statement of comprehensive income
For the year ended 31 March 2016**

	Note	2016 £000	2015 £000
Profit for the financial year		781	1,153
Actuarial gain/loss in the pension scheme	19	1,240	(1,350)
Other comprehensive loss		-	-
Total comprehensive gain/ loss		<u>2,021</u>	<u>(197)</u>

**Statement of changes in equity
For the year ended 31 March 2016**

	Note	Pension reserve £000	Profit and loss account £000	Total £000
At 31 March 2014 as previously stated		(5,200)	24	(5,176)
Changes on transition to FRS 102	28	-	(115)	(115)
At 1 April 2014 as restated		(5,200)	(91)	(5,291)
Profit for the year		30	1682	1,712
Changes on transition to FRS 102	28	(560)	1	(559)
		(530)	1,683	1,153
Other Comprehensive loss		(1,350)	-	(1,350)
At 31 March 2015		(7,080)	1592	(5,488)
Profit for the year		(310)	1,091	781
Other comprehensive income	19	1,240	-	1,240
Total comprehensive income		930	1,091	2,021
Capital Contribution from parent	17	-	3,494	3,494
Discontinuation of pension reserve	19	6,150	(6,150)	-
At 31 March 2016		-	27	27

Notes to the Financial Statements For the year ended 31 March 2016

1 Accounting Policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

General information and basis of accounting

Homes for Northumberland Limited is a company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is given on page 6. The nature of the Company's operations and its principal activities are set out in the strategic report on pages 2 to 5.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The prior year financial statements were restated for material adjustments on adoption of FRS 102 in the current year. For more information see note 28.

The functional currency of Homes for Northumberland Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

Homes for Northumberland Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Homes for Northumberland Limited is consolidated in the financial statements of its parent, Northumberland County Council (the controlling party), which may be obtained from the address in note 20. Exemptions have been taken in these separate Company financial statements in relation to presentation of a cash flow statement, remuneration of key management personnel and for qualifying entities for financial instruments.

The Company is itself a parent of a subsidiary undertaking Building for Northumberland Limited. The Directors have elected not to prepare group financial statements in respect of these undertakings in accordance with section 400 Exemption for company included in EEA group financial statements of larger group as the company is a wholly-owned subsidiary of a parent undertaking Northumberland County Council.

In reaching this decision the directors have considered the subsidiary undertakings both individually and in aggregate.

Going Concern

The financial statements have been prepared on a basis other than going concern which the Directors believe is appropriate based on their understanding of the future trading and cashflows of the Company.

The Company's business activities together with the factors likely to affect its future development, performance and position are set out in the strategic report.

The Company's principal turnover is related to the management fee paid by Northumberland County Council. The contract between Northumberland County Council and the Company was cancelled by mutual agreement on 16 June 2015 and this takes effect on 31 August 2015. From September 2015 onwards, Homes for Northumberland Limited continued as a Company limited by guarantee. However, its sole activity will be to act as landlord for its portfolio of properties in Allendale.

Going forward, Northumberland County Council are in negotiations with the Board to accept the transfer of the Allendale properties during 2016/17. HFN board are expecting that the transfer would be made within the next six months, and that, subsequent to this, the company will be wound up. Therefore as the company is not expected to continue in business after this transfer, the financial statements have been prepared on a basis other than going concern.

Notes to the Financial Statements (continued) For the year ended 31 March 2016

1 Accounting Policies (continued)

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. In the case of buildings held for rental purposes (classified as land and buildings in note 10) the directors consider that this element of the business resembles the registered provision of social housing and, as such, the directors have adopted the accounting treatment set out in the Statement of Recommended Practice for Registered Providers of Social Housing to the extent that these assets are carried at cost less depreciation and impairments.

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal installments over their estimated useful economic lives as follows:

Fixtures and fittings 5 years

Software 3-5 years

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

Depreciation of freehold buildings is charged so as to write down the cost by component on a straight line basis over the estimated useful economic lives of the component categories. Useful economic lives for identified components are as follows:

Component	Useful Economic Life
Structure	80 years
Roof	50 years
Other	25 years

Freehold land is not depreciated.

The charge for depreciation commences in the month that the asset is brought into use.

On 31 August 2015 all Fixtures and Fittings and Software were transferred to Northumberland County Council.

Stock

Stock is stated at the lower of cost and estimated selling price less costs to sell which is equal to the net realisable value. In determining the cost of consumables and goods purchased for use, the weighted average purchase price is used.

On 31 August 2015 all stock was transferred to Northumberland County Council.

Post-employment Benefits

From 1 April 2015 to 31 August 2015, the Company participated in the Northumberland County Council Pension Fund. The scheme is a final salary Local Government Pension Scheme and retirement benefits to employees of the Company are funded by contributions by all participating employers and employees in the scheme. The contribution and costs associated with the plan are based upon number of employees within the scheme. The actuarial valuation was performed in the current year as of the transfer date 31 August 2016.

As part of the transfer of activities to Northumberland County Council, the scheme and its related pension liability has transferred to the Council and therefore no charge in the profit and loss account. All pension reserves and Liabilities for Homes for Northumberland Limited were reduced to zero at 31 August 2015.

Notes to the Financial Statements (continued) For the year ended 31 March 2016

1 Accounting Policies (continued)

Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Grants

Capital grants are included in deferred income in the balance sheet and are recognised as income in the Profit and loss account over the estimated useful lives of the assets to which they relate.

Turnover

Turnover represents fees receivable from Northumberland County Council for the management and maintenance of Northumberland County Council's housing stock.

Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

Borrowing Costs

The finance costs of financial liabilities are recognised in the profit and loss account over the term of such instruments at a constant rate on the carrying amount.

Borrowing

Interest-bearing loans are recorded as the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the profit or loss account using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Other Income Recognition

Sales comprise the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the company's activities. Sales are presented, net of value-added tax, rebates and discounts, and after eliminating sales within the company.

The company recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the company's activities are met.

Public Benefit Entity

Homes for Northumberland Limited is classed as a Public Benefit Entity. Consessionary loans made or received by Homes for Northumberland Limited are initially measured as the amount received or paid and subsequently the carrying amount will be adjusted to reflect interest payable or receivable. To the extent that a loan that has been made is irrecoverable an impairment loss is recognised in the Profit and Loss account.

Cash

The company operates its own bank account through HSBC and performs regular checks and reconciliations for completeness.

Notes to the Financial Statements (continued) For the year ended 31 March 2016

1. Accounting Policies (continued)

Related Party Transactions

Homes for Northumberland have adopted the FRS 102 (paragraph 3) exemption for disclosure of related parties as consolidated financial statements are prepared by Northumberland County Council.

2. Turnover

	2016 £000	2015 £000
An analysis of the Company's turnover by class of business is set out below:		
Turnover		
Management fee	2,778	6,668
Repairs and maintenance	2,024	4,858
Allendale rental income	106	-
	4,908	11,526
	4,908	11,526

An analysis of the company's other income is as follows:

Other operating income (other management fees including Capital programme and other income)

4,320	7,652
4,320	7,652
4,320	7,652

In 2014/15 Allendale rental income was £101k and was included in other operating income. From 2015/16 this has been reclassified in recognition of ongoing business activities.

3. Critical accounting judgements and key sources of estimation and uncertainty

Tangible Fixed Assets

The remaining Allendale properties will be transferred to Northumberland County Council during 2016/17. The valuation from Cushman and Wakefield as at 31 March 2016 gave a fair value valuation of £2,054k. Northumberland County Council have agreed that they will transfer the assets at book value of £2,587k at 31/03/2016 less any depreciation to date of transfer, therefore no impairment has been recognised in these financial statements.

Public Benefit Entity Concessionary Loans

The original loan from Northumberland County Council to Homes for Northumberland in relation to the building of the Allendale properties of £1,412k in 2011 was repayable over 40 years, subject to interest of 4.5% p.a.

On future transfer of the Allendale assets/liabilities to Northumberland County Council, the balance of the loan will be £1,240k. Due to the ongoing nature of the business, Homes for Northumberland Limited will not be able to meet the terms of the loan and it is expected to be recognised as irrecoverable by Northumberland County Council.

In 2014/15 Homes for Northumberland Limited gave Building for Northumberland Limited an interest free loan of £70k. All except £8k of this loan was repaid in year, with the balance being utilised to cover losses brought forward.

Notes to the Financial Statements (continued) For the year ended 31 March 2016

4. Profit on ordinary activities before taxation

	2016 £000	2015 £000
Profit on ordinary activities before taxation is stated after charging/(crediting)		
Depreciation of tangible fixed assets	69	115
Payments under operating leases	225	462
Release of deferred income from HCA grant	(21)	(21)

5. Directors' remuneration and transactions

Kevin Lowry, Managing Director, joined the Board on 8 July 2015. His remuneration in the capacity of Managing Director and Board member for the period April 2015 to August 2015 was £54,976. He continued to be a Director until 31 March 2016, however received no further remuneration from HFN.

The Chair also received remuneration in 2015/16 £1,215 (2015:£4,001) was paid directly to a charity on his behalf.

The aggregate amount of expenses reimbursed to Board Members in the year was £609 (2015: £1,790).

There are no other transactions with directors.

6. Auditor's Remuneration

Fees payable to Deloitte LLP and their associates for the audit of the company's annual financial statements were £16,000 (2015: £16,000).

Fees payable to Deloitte and their associates for non-audit services amounted to £2,300. This work relates to tax compliance.

7. Staff numbers and costs

The average number of persons employed by the Company (excluding Directors) as at 31 August 2015. All staff transferred under TUPE to Northumberland County Council on 1 September 2015 as part of the transfer of housing management to the Council.

	2016 No.	2015 No.
Supervision and management	93	98
Repairs and maintenance	183	163
	276	261
The aggregate remuneration comprised:	£000	Restated £000
Wages and salaries	2,630	6,082
Social security costs	190	426
Current service cost (note 19)	620	1,220
Past Service Cost (note 19)	-	20
	3,440	7,748

Notes to the Financial Statements (continued)
For the year ended 31 March 2016

8. Finance costs (net)

Investment expense	2016	2015
	£	£
Interest on loan from parent undertaking	61	62
	<u> </u>	<u> </u>
	2016	2015
	£	£
Interest payable and similar charges		
Pension – other finance costs (note 19)	90	200
	<u> </u>	<u> </u>

9. Taxation

The Board considers that the Company's activities with Northumberland County Council are not a trade for corporation tax purposes. This is on the basis of guidance issued by HM Revenue & Customs (HMRC) which states that the relationship between the ALMO and its parent, as they understand it, lacks the necessary level of commerciality for the activities to be considered a trade for corporation tax purposes. Any surplus arising, and similarly any losses, are therefore outside the scope of corporation tax.

The Directors reviewed the legal framework of Homes for Northumberland Limited and submitted a report to HMRC. HMRC officers accepted the report in June 2007 on the basis that the Company's main trading activities with Northumberland County Council were outside the scope of corporation tax.

The Directors have therefore prepared the financial statements on the basis that the Company is only liable to corporation tax on its activities with third parties. This status is reviewed annually.

Notes to the Financial Statements (continued)
For the year ended 31 March 2016

9. Taxation (continued)

	2016	2015
	£000	£000
Current tax		
Total tax per income statement	-	-
The charge for the year can be reconciled to the profit per the income statement as follows:		
Profit for the year – continuing operations	<u>781</u>	<u>1,153</u>
Tax on profit at standard UK tax rate of 20.00% (2015: 21.00%)	156	242
Effects of:		
Income not taxable	(198)	(350)
Expenses not deductible for tax purposes	14	152
Movement on unrecognised deferred tax	<u>28</u>	<u>(44)</u>
Total tax charge for the year	<u>-</u>	<u>-</u>

The Company has deferred tax assets totalling £41,138 (2015: £1,494,519), which relate to tax losses and short term timing differences, that have not been recognised as available to offset against future trading profits.

Notes to the Financial Statements (continued)
For the year ended 31 March 2016

10. Tangible Fixed Assets

	Freehold land and buildings* £000	Fixtures, fittings, tools and equipment £000	Software £000	Total £000
Cost				
At 1 April 2015	2,803	269	252	3,324
Additions	-	-	19	19
Disposals	-	(269)	(271)	(540)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2016	2,803	-	-	2,803
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 April 2015	172	144	217	533
Charge for the year	42	18	9	69
On disposals	-	(162)	(226)	(388)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2016	214	-	-	214
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 March 2016	2,585	-	-	2,585
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2015	2,631	125	35	2,791
	<hr/>	<hr/>	<hr/>	<hr/>

*Freehold land and buildings includes housing properties owned by the Company held for rental in its own name as distinct from the housing stock managed on behalf of Northumberland County Council until 31 August 2015.

The remaining Allendale properties will be transferred to Northumberland County Council during 2016/17. The Valuation from Cushman and Wakefield as at 31 March 2016 gave a fair value valuation of £2,054k. Northumberland County Council have agreed that they will transfer the assets at book value of £2,587k less any depreciation to date of transfer, therefore no impairment has been recognised in these financial statements.

11. Stocks

	2016 £000	2015 £000
Consumables	-	384
	<hr/>	<hr/>

Notes to the Financial Statements (continued)
For the year ended 31 March 2016

12. Debtors

	2016	2015
	£000	£000
Amounts falling due within one year:		
Amount owed by Northumberland County Council	-	1,994
Other debtors	10	217
	<u>10</u>	<u>2,211</u>
	<u><u>10</u></u>	<u><u>2,211</u></u>

13. Cash at bank and in hand

	2016	2015
	£000	£000
Cash at bank and in hand	30	1,666
	<u>30</u>	<u>1,666</u>
	<u><u>30</u></u>	<u><u>1,666</u></u>

14. Creditors: amounts falling due within one year

	2016	2015
	£000	£000
Amount owed to Northumberland County Council	1,355	1,114
Amounts owed to Building for Northumberland Limited	-	62
Deferred income	1,241	21
Other taxation and social security	-	497
Other creditors	2	1,072
	<u>2,598</u>	<u>2,766</u>
	<u><u>2,598</u></u>	<u><u>2,766</u></u>

Notes to the Financial Statements (continued)
For the year ended 31 March 2016

15. Creditors: amounts falling due after more than one year

	2016	2015
	£000	£000
Amount owed to Northumberland County Council	-	1,339
Deferred income	-	1,241
	<u>-</u>	<u>2,580</u>

Amounts owed to Northumberland County Council relating to Allendale loan include £1,355k (2015: £15k) due within one year and £0 (2015: £1,339k) due after one year. This loan was originally repayable over 40 years subject to interest at 4.5% p.a. As the Company is no longer a going concern, all long term creditors have been allocated to be repaid within one year.

The loans fall due as follows:

	2016	2015
	£000	£000
Amounts falling due:		
Within one year	1,355	478
One to two years	-	16
Two to five years	-	54
Beyond five years	-	1,269
	<u>1,355</u>	<u>1,817</u>

16. Called up Share Capital

The Company does not have called-up share capital as it is limited by guarantee of £1 per member. Membership at 31 March 2016 was 1 (2015:1)

17. Reserves

	Profit and loss Account	Pension Reserve	Total reserves
	£000	£000	£000
At at 1 April 2015	1,592	(7,080)	(5,488)
Retained profit for the year	1,091	(310)	781
Pension reserves transfer	(6,150)	6,150	-
Capital Contribution	3,494	-	3,494
Actuarial gain on pension scheme	-	1,240	1,240
	<u>27</u>	<u>-</u>	<u>27</u>
As at 31 March 2016	<u>27</u>	<u>-</u>	<u>27</u>

Notes to the Financial Statements (continued)
For the year ended 31 March 2016

18. Reconciliation of Movements in Shareholders' Funds

	2016	Restated
	£000	2015
		£000
Profit for the financial year	781	1,153
Capital Contribution	3,494	-
Actuarial gain/loss recognised in the pension scheme	1,240	(1,350)
	<hr/>	<hr/>
Net (decrease)/increase in shareholders' funds	5,515	(197)
Opening shareholders' deficit	(5,488)	(5,291)
	<hr/>	<hr/>
Closing shareholders' funds/ (deficit)	27	(5,488)
	<hr/> <hr/>	<hr/> <hr/>

19. Pension Schemes

Up until 31 August, the Company participated as an admitted body in a Local Government Pension Scheme, Northumberland County Council Pension Fund, which is administered by Northumberland County Council. The scheme, which is a defined benefit scheme, is operated in accordance with the Local Government Superannuation Regulations.

As part of the TUPE transfer of all staff to Northumberland County Council, the assets and Liabilities of the Pension scheme have also transferred at 31 August 2015.

The information disclosed below is in respect of the Company share of cost under the Local Government Pension scheme, Northumberland County Council Pension Fund throughout the periods shown.

Figures are prepared under FRS 102

**Pension Assets and Liabilities
recognised in the Balance Sheet**

	31 March	Restated
	2016	31 March
	£000	2015
		£000
Present value of scheme liabilities	-	(35,910)
Fair value of plan assets	-	28,830
	<hr/>	<hr/>
Scheme deficit	-	(7,080)
	<hr/>	<hr/>
Net liability arising from defined benefit obligation	-	(7,080)
	<hr/> <hr/>	<hr/> <hr/>

Notes to the Financial Statements (continued)
For the year ended 31 March 2016

19 Pension Schemes (continued)

Changes to the Present Value of the Scheme Liabilities (Defined Benefit Obligations)

	2016	Restated
	£000	2015
		£000
At 1 April	(35,910)	(30,020)
Current service cost	(620)	(1,220)
Interest expense on defined benefit obligation	(490)	(1,290)
Actuarial gains/losses on scheme liabilities	2,910	(3,350)
Contributions by participants	(160)	(360)
Net Benefits paid out	140	350
Past service cost	-	(20)
Net Increase in liabilities from disposal	34,130	-
	<hr/>	<hr/>
At 31 March	-	(35,910)
	<hr/> <hr/>	<hr/> <hr/>

Changes to the fair value of the plan assets

At 1 April	28,830	24,820
Interest income on assets	400	1,090
Actuarial losses on assets	(1,670)	2,000
Contributions by employer	400	910
Contributions by participants	160	360
Benefits paid	(140)	(350)
Net increase in assets from disposals	(27,980)	-
	<hr/>	<hr/>
At 31 March	-	28,830
	<hr/> <hr/>	<hr/> <hr/>

Expense charged to Profit and loss account

Current service cost	620	1,220
Past service cost	-	20
Interest cost	90	200
	<hr/>	<hr/>
Total post employment benefit charged to Profit and loss account	710	1,440
	<hr/> <hr/>	<hr/> <hr/>

The expense is recognised in the following line items in the profit and loss account

Cost of sales	620	1,240
Finance costs	90	200
	<hr/> <hr/>	<hr/> <hr/>

Notes to the Financial Statements (continued) For the year ended 31 March 2016

19 Pension Schemes (continued)

Remeasurement of the net defined liability comprising:

	2016 £000	2015 £000
Actuarial gains and losses arising on changes in financial assumptions	1,240	(1,350)
	<u>1,240</u>	<u>(1,350)</u>

The fair value of the estimated asset allocation of the Northumberland County Council Pension Fund and the return on those assets were as follows:

	2016 Fair value £000	2015 Fair value £000
Equities	-	19,604
Gilts	-	5,045
Bonds	-	2,537
Property	-	1,269
Cash	-	29
Other	-	346
	<u>-</u>	<u>28,830</u>
Actual return on plan assets	<u>(1,270)</u>	<u>3,090</u>

None of the fair values of the assets shown above include any of the Company's own financial instruments or any property occupied, or other assets used by the Company.

Principal actuarial assumptions (expressed as weighted averages) at the 31 August 2015 were as follows:

	2016	2015
Discount rate applied to scheme liabilities	3.8%	3.3%
Future salary increase	3.5%	3.4%
Rate of increases in pensions in payment	2.0%	1.9%
Pension accounts evaluation rate	2.0%	1.9%
Inflation increase		
- RPI	3.1%	3.0%
- CPI	2.0%	1.9%
	<u> </u>	<u> </u>

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65 year old to live for a number of years as follows:

Notes to the Financial Statements (continued) For the year ended 31 March 2016

19 Pension Schemes (continued)

Life expectancy from age 65 (years):

	Males		Females	
	2016	2015	2016	2015
Retiring today	23.1	23.0	25.6	25.5
Retiring in 20 years	25.3	25.2	28.0	27.8

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice. This assumption was at the point of the pension reserve being transferred to Northumberland County Council.

History of Plans

The history of the plans for the current and prior years is as follows:

Balance sheet

	31 March 2016 £000	31 March 2015 £000	31 March 2014 £000	31 March 2013 £000	31 March 2012 £000
Present value of scheme liabilities	-	(35,910)	(30,020)	(32,110)	(27,990)
Fair values of scheme assets	-	28,830	24,820	23,720	19,620
Deficit	-	(7,080)	(5,200)	(8,390)	(8,370)

20. Related Parties and Ultimate Parent Undertaking

The Company is a subsidiary undertaking of Northumberland County Council which is considered to be the ultimate parent undertaking.

The consolidated financial statements of the group are available to the public and may be obtained from Northumberland County Council, County Hall, Morpeth, Northumberland, NE61 2EF.

All Board members are either senior staff or council representative off Northumberland County Council.

These individuals therefore have an element of influence over both Northumberland County Council and Homes for Northumberland Limited's operations.

Up to 31 August 15 there were a number of Board Members, employees, apprentices and family members of employees who are Homes for Northumberland tenants. Tenancies are on normal standard terms. This was actively encouraged by Homes for Northumberland Limited to engage and employ the community that we serve. There was no favourable treatment towards these tenants and their families, as our processes are set and followed consistently for every tenant.

One of the Homes for Northumberland Limited's executive directors who served in the year was a non-executive director of North East Procurement Ltd. (NEP), a not-for-profit organisation benefitting procurement in the North East Social Housing sector, of which Homes for Northumberland Limited was a member. Homes for Northumberland Limited procured goods and services extensively through NEP to take advantage of beneficial rates from suppliers. NEP takes an element of price charged for goods and services before passing on the final price to Homes for Northumberland Limited. Homes for Northumberland Limited do not make any direct payments to NEP. The contract with NEP transferred to Northumberland County Council as part of the transfer of activities at end of August, and the executive director left Homes for Northumberland Limited in October 2015.

Notes to the Financial Statements (continued) For the year ended 31 March 2016

21. Operating Leases

The Company entered into operating leases for the provision of the vehicle fleet and use of the Civic Centre

Northumberland County Council was the lessor of all operating leases. As at 1 September 2015, these leases were cancelled with no exit costs as part of the transfer of housing management to the Council. The payments due in the next 12 months under these leases are as follows;

	2016	2016	2016	2015
	Buildings	Plant and	Total	Total
	£000	Equipment	£000	£000
		£000		
Leases expiring in:				
One year	-	-	-	311
Two to five years	-	-	-	52
Beyond five years	-	-	-	99
	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	-	462
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

22. Capital Commitments

The Company had no capital commitments at 31 March 2016 (2015: £nil).

23. Transactions as Agent

The Company acts as agent on behalf of Northumberland County Council in respect of certain elements of the capital programme spend. The gross value of services provided in relation to the capital programme in the year are

	2016	2015
	£000	£000
Costs incurred	(522)	(2,761)
Costs reclaimed from Northumberland County Council	722	3,327
	<hr/>	<hr/>
Turnover declared in the Profit and loss Account	200	566
	<hr/> <hr/>	<hr/> <hr/>

Following management review of the information it was identified that the costs incurred and costs reclaimed were overstated in the prior year. This disclosure has now been corrected, the previously reported figures were £(7,301) and £7,867 respectively.

24. Subsidiary Undertakings

Building for Northumberland Limited became a registered provider of social housing in 2014/15. It is a private company limited by guarantee without share capital. During 2015/16 the company built two bungalows and when complete they were transferred to Northumberland County Council in October 2015. The company then ceased to trade and an application has been made at Companies House to strike the company off their records.

The Directors have elected not to prepare group financial statements in respect of these undertakings in accordance with section 400 Exemption for company included in EEA group financial statements of larger group

Homes for Northumberland Limited is the sole member of the subsidiary undertaking which is a company limited by guarantee. The Company does not have called-up share capital as it is limited by guarantee of £1 per member. Membership at 31 March 2016 was 1 (2015:1)

Notes to the Financial Statements (continued)

For the year ended 31 March 2016

25. Post Balance Sheet Events

Further negotiations have taken place with Northumberland County Council, in a view that within the next twelve months the Allendale Properties and all related assets and liabilities, be transferred to Northumberland County Council. The board have agreed to this transfer and accept that the company will not be a going concern.

26. Prior Year Adjustments

There are no prior year adjustments required to the financial statements except those disclosed within Note 28.

27. Contingent Liabilities

There were no contingent liabilities identified as at 31 March 2016.

28. Explanation of transition to FRS 102

This is the first year that the Company has presented its financial statements under Financial Reporting Standard FRS 102 (FRS 102) issued by the Financial Reporting Council. The following disclosures are required in the year of transition.

The last financial statements under previous UK GAAP were for the year ended 31 March 2015 and the date of transition to FRS 102 was therefore 1 April 2014. As a consequence of adopting FRS 102, a number of accounting policies have changed to comply with that standard.

28 Explanation of transition to FRS 102 (continued)

Reconciliation of Equity

	Equity reserve £000	Profit and loss account £000	Total £000
At 31 March 2014 as previously stated	(5,200)	24	(5,176)
Adjustments to equity on transition to FRS102			
Holiday Pay Accrual		(115)	(115)
Equity reporting under FRS102 At 1 April 2014 as restated	(5,200)	(91)	(5,291)
At 31 March 2015 as previously stated	(7,080)	1,706	(5,374)
Adjustments to equity on transition to FRS102			
Holiday Pay Accrual at 31 March 2015	-	(114)	(114)
Equity reporting under FRS102 At 1 April 2015 as restated	(7,080)	1,592	(5,488)

Reconciliation of profit for the year ended 31 March 2015

	Other Gains and Losses £000	Profit and loss £000
Profit for the financial year under previous UK GAAP		1,712
Actuarial Loss in pension scheme	(1,910)	
Movement in holiday pay accrual		1
Reclassification of pension movement from profit and loss to actuarial gains and losses	560	(560)
Other Comprehensive Income / Profit for the year	(1,350)	1,153
Comprehensive Income for the year ended 31 March 2015	197	

The transition to FRS 102 has had an impact on Pension costs and where they are recognised in the financial statements. The overall effect on the reserves is £nil as total reserves are shown net of any pension cost.