

**Society of St James**

Report and Financial Statements

Year Ended

31 March 2010

# Society of St James

## Annual report and financial statements for the year ended 31 March 2010

---

### Contents

#### Page:

1	Reference and administrative information
2	Report of the trustees
8	Report of the independent auditors
10	Income and expenditure account
10	Statement of total recognised surpluses and deficits
11	Balance sheet
12	Notes forming part of the financial statements

# Society of St James

## Reference and administrative information for the year ended 31 March 2010

---

<b>Trustees and Directors:</b>	B Hooper C Goodhead G Barwick D Blake N Cato M Day J Lovelock J Maguire G Ward	(Chair) (Treasurer)
<b>Company Secretary:</b>	T Pickup	
<b>Senior Staff</b>	T Pickup J Smith G Malcolm A Powell M Taylor	(Chief Executive) (Operations Director) (Operations Director) (Director of Finance and Central Services) (Operations Director)
<b>Registered Office:</b>	Fairways House Mount Pleasant Industrial Estate Mount Pleasant Road Southampton SO14 0QB	
<b>Registered Company Number:</b>	3009700	
<b>Tenant Services Authority Registration Number:</b>	LH4337	
<b>Registered Charity Number:</b>	1043664	
<b>Auditors:</b>	BDO LLP Arcadia House Maritime Walk Ocean Village Southampton SO14 3TL	
<b>Solicitors:</b>	Blake Laphorn New Kings Court Tollgate Chandler's Ford Hampshire SO53 3LG	
<b>Bankers:</b>	NatWest 12 High Street Southampton SO14 2NX	

# Society of St James

## Report of the Board of Trustees for the year ended 31 March 2010

---

### Introduction

The Board of Trustees presents its report and financial statements for the year ended 31 March 2010, which should be read in conjunction with the information on page 1. All Trustees are directors of the Charitable Company for the purposes of company law.

### Structure, Governance and Management

The Society of St James is a company limited by guarantee and is registered with the Tenant Services Authority (number LH4337). The liability of the members is limited to their guarantee. In the event of the Society being wound up during the period of the membership (or within the year following), members undertake to contribute such amounts as may be required, but not exceeding £10.

The Society is governed by the Board of Trustees, which meets every two months. The Board has created four Committees to take specific interest in the areas of Personnel, Finance, Operations and Development. These Committees meet regularly in the year. As required by the Tenant Services Authority, the Society also convenes the Director's Remuneration Committee each February to set the Senior Managers' salaries.

The Society seeks to recruit one or two new Board members each year. The recruitment and induction process includes a tour around some of the Society's projects and an introduction to the Society's work. Potential new Board members also attend a Board Meeting as observers before they formally agree to join the Board.

The senior staff report to the Board and the rest of the staff in turn report to the senior staff.

### Objectives and Activities

The Society adopted the following objectives at its 2005 AGM:

"The relief of poverty, sickness, hardship and distress in particular but not extensively of persons who are homeless, unemployed or who have drug, alcohol or other substance addictions by the provision of housing, rehabilitation, care, support, education, training and employment opportunities: in order to improve the individuals' opportunities and quality of life and to contribute to the wider community"

The Society seeks to achieve this through a range of activities, which can be broken down between the following headings:

- Housing
- Support
- Care
- Substance Misuse Services
- Social Enterprise

### *Housing*

The Society provides a range of Housing to homeless people in Southampton, ranging from Hostels, through shared housing to one-bedroom flats and a registered residential care home. The Society currently manages 301 units (bed spaces) of which 92 are owned and 209 are either managed or leased.

For its owned property the Society fulfils a full range of property maintenance obligations, from day to day repairs to managing a 30 year Major Repairs programme. As a Registered Provider (Previously Registered Social Landlord, (RSL)) the Society offers tenancy or licence agreements, collects rents and generally fulfils the role of landlord.

# Society of St James

## Report of the Board of Trustees for the year ended 31 March 2010

---

### Objectives and Activities (continued)

#### *Housing (continued)*

For leased or managed projects, the Society fulfils some of the elements listed above, depending upon the form of agreement with the property owner. These often include maintenance obligations, offering tenancy and licence agreements, and the collection of rent.

The Society owns two properties which are currently empty whilst plans are developed and permissions being sought to enable their refurbishment. The Society's asset management plan identifies the ongoing need for greater levels of self contained accommodation, and it is hoped that more units of this type can be developed in the future.

#### *Support*

The Society seeks to provide support beyond the services normally provided by a landlord to those living in its accommodation. This activity is funded through the Supporting People (SP) programme, under which the Society received £1.4 million during the year, enabling the employment of support staff in most residential projects. The support provided enables previously homeless people, people with mental health issues and people with substance misuse problems to maintain their housing and to develop skills to live independently in the community.

The introduction of the SP programme in 2003 brought huge changes to the sector, with all services now being provided under contractual arrangements and being subject to a wide range of inspection, regulation and monitoring. In addition, as existing contracts expire, services are put out to competitive tender, so that a range of organisations have the opportunity to bid to provide the service. These contractual arrangements are a crucial factor in forming a picture of the environment in which the Society operates.

The Society continues to work actively in partnership with the Local Authority as the regime develops, by participating further in consultation exercises and contributing to the design of the new pattern of service provision.

#### *Care*

The Society manages two schemes which provide Care, these being Avondale, a registered care home, and the Home Support service, a registered domiciliary care service. The Society purchased Avondale in November 2006. The home provides care for 15 people and is registered for older people. The registered care home sector is a new and distinct market for the Society.

The Society's long term aim was to provide an appropriate environment for older residents who could no longer stay in our existing projects because of their increasing care needs. Over the last year, Avondale has continued to provide care to increasing numbers of the Society's traditional clients.

The Society has also continued to run the Home Support service, a registered domiciliary care service. The service works with about 30-40 clients, meeting their care needs and enabling them to maintain their accommodation in the community. Some are previous residents and others are referred by Social Services because they require an intensive or specific package of care.

#### *Social Enterprise*

The Society manages Jamie's Computers which operates as a Social Enterprise. The aim of Jamie's is to create training and learning opportunities for vulnerable adults in the city and to generate income for the Society. The last 15 months have been a difficult period for Jamie's. Poor financial performance led to management changes and a re-focusing of the project. The priority became building an effective commercial operation, rather than being focused on the "Social" side of Social Enterprise.

# Society of St James

## Report of the Board of Trustees for the year ended 31 March 2010

---

### Objectives and Activities (continued)

#### *Social Enterprise (continued)*

Over the last few months, the project has gone from making a loss to breaking even and at the time of writing, there are encouraging signs that the project may make a surplus in the year. Although the project is not currently delivering any formal training, the increasing levels of activity are creating more and more opportunities for volunteers to get involved in warehousing, rebuilding equipment, sales and using eBay.

Our relationship with Computer Aid is still of great value, providing a funding stream for equipment being refurbished and sent to the developing world. Over the year, income from selling to the local community has increased, along with income from eBay, scrap components and material.

### Financial Review

#### *Financial Position and Management Policies*

The year ended 31 March 2010 has been a successful year both financially and otherwise for the Society, which is shown by our reporting an improved operating surplus of £106,142 (2009 – surplus of £90,521). We therefore remain in a sound financial position at 31 March 2010 after an eventful year which saw us close our hostel at Albert Road South after the grant was moved by the City Council to fund a different property. We also remain in a good cash position which, whilst not improved on the previous year's balance, has actually improved considerably when taking into account short term debtor and creditor movements, furthermore, the growth in our investments has created additional resources for us to draw upon should the need arise. With various transfers to and from reserves we finished the year with a retained surplus of £87,463 (2009 – surplus of £28,811).

The Society has formal financial procedures in place that have been ratified by the Finance Committee and are widely known and followed by staff. The systems that are in use are of sufficient capability for their purpose, and procedures are in place to ensure the correct recording of financial information and control over cash transactions using these systems. Additionally, investment in IT systems has continued throughout the year in order to improve the flow of information around the organisation and retain control. During the year a review of the Financial Regulations of the Society was undertaken with minor amendments made as was deemed necessary.

All expenditure has to be authorised by project staff and management with final payments approved by two people in the finance team, one of whom will be the Financial Accounts Manager or Director of Finance & Central Services. For items of major expenditure, quotes are requested to ensure we receive the best possible value for money. Cash is held in a variety of accounts and investments in order to both accrue interest and spread risks from areas such as investment return and fraud. Very few of our transactions are in cash, with payments to staff and suppliers made predominantly by bank transfer or, less frequently, by cheque. We follow a policy of ensuring that there is always sufficient cash in our accounts to ensure that relevant debts can be paid in full and on time.

It has been our policy for a number of years to build up free reserves to a level that can be shown to provide a level of security for our operations. Free reserves have increased in the year to £297,316 at 31 March 2010 (2009 £125,377), partly because of the increase in the revaluation reserve as the value of investments has increased. It is also anticipated that free reserves will increase again in future years.

#### *Reserves*

The Society had £1,354,841 of reserves at 31 March 2010 (2009 £1,204,399), of which £732,181 (54% - unchanged from 2009) was made up of the income and expenditure account reserve. There has been a significant change in the level of the revaluation reserve (that which holds the difference in value between the purchase price and current price of the Society's investments) which was £53,098 at 31 March 2010 (2009 £4,582) due to the significant increase in values of the investment due to the rise in stock market levels in the year. The Society has also disposed of its 'Charibond' investments in favour of investments with the Charities Property Fund as it was decided that a Property based investment represented better growth prospects than a bond based investment. The Society's free reserves (unrestricted funds less fixed assets and any associated debt) are calculated as £297,316 which is still less than one month's expenditure, but is significantly higher than the previous year due to the level of retained surplus and significant rise in the value of the Society's investments.

# Society of St James

## Report of the Board of Trustees (*Continued*) for the year ended 31 March 2010

---

### Financial Review (continued)

#### *Reserves (continued)*

Other reserves are either designated or restricted reserves. The designated reserves are those that the Society has chosen to take out of the income and expenditure account and record separately for some specific purpose. The majority of these reserves are represented by the major repairs reserves, which the Society maintains in order to assist it to comply with the requirements of the Tenant Services Authority, the body which regulates the Society's activities. Restricted reserves are those that the Society has to record separately and represent money that has been received from supporters or partners that they have stipulated must be used for a specific purpose. If this money is not spent in the year in which it is received, the balance must be held in a restricted reserve. The amount held in restricted reserves falls as the money is spent.

#### *Sources of Funding and Investments*

The percentage of the Society's income that it receives in the form of Supporting People grants has fallen during the year to around 30% of total income, indicating that whilst the Society remains reliant on these grants it can manage a significant drop in grant levels and still be successful. This fall is due to the Society's hostel in Albert Road South closing as the grant was reallocated to the newly renovated Booth Centre, and the level of funding available to projects supporting clients with mental health issues falling, leading to the closure of the Society's property in Westridge Road. These grants are administered by the Local Authority and are specifically allocated to organisations that provide housing and tenancy related support to individuals who have been assessed as having additional support needs. The largest source of income for the Society remains rental and service charge income from the properties it owns or manages. This has increased from 42% of total income in 2009 to 46% of total income in the year to 31 March 2010, even though actual income in this area has fallen slightly, and is usually collected directly from the Local Authority in the form of Housing Benefit payments.

The year ending 31 March 2010 has again seen a slight decline in funding for Drugs Support Services. Income in this area is received from Southampton City Council and Hampshire County Council, the reason for the slight decline is the reduction in additional 'bolt on' services being provided in addition to the Society's main contracts. Other key funding sources include the Health Authority, Social Services Department, and donations. The Society is also developing Social Enterprises around IT training and the recycling and reuse of IT equipment which provides additional income to the Society.

The Society's income has been expended in the process of helping vulnerable people in the local area, whether this be through direct housing and support services or through providing counselling and advice or learning and training opportunities. The Society has also continued to provide work placements at its Social Enterprises in order to help vulnerable individuals gain the confidence and skills to return to work.

The Society has a policy of diversifying its investments in order to spread risk and to maintain suitable cash balances for the day to day running of its operations. However, only minimal levels of cash are kept in current accounts with larger receipts being transferred into higher interest accounts with instant access facilities. With regard to the investments listed in the accounts, the Society has chosen particular investment funds that are specifically designed for charities with the aim of spreading risk and investing in a largely ethical manner. The specific funds that the Society held investments in at the start of the year were Charifund, Charibond and Chariguard. The Society disposed of its interest in Charibond during the year and used the proceeds plus some cash, to invest £30,000 in the Charities Property Fund. Charifund and Chariguard are equity based investments managed by M&G Securities and RCM (UK) Ltd respectively. Charibond is a bond based investment managed by M&G Securities. The Charities Property fund is a property based investment aimed at both capital growth in the value of properties owned by the fund and income in the form of rents charged to tenants in these properties, the fund is managed by Cordea Savills. The reason for the switch from Charibond to the Charities Property Fund was the Board's opinion that the property based investment would produce better returns than the bond based investment given the current market conditions and outlook for the future. All of these funds have increased in value during the year, in line with most other stock market investments, and it is anticipated that they will increase in value in the future making them worthwhile investments to retain.

# Society of St James

## Report of the Board of Trustees (*Continued*) for the year ended 31 March 2010

---

### Plans for the future

By the nature of the work in which the Society is involved, the economic and political climate has a big impact on plans for the future. At the time of writing, government announcements are warning of significant cuts to local and central government budgets. While these have yet to make an impact on the Society, the prognosis for the medium term is not good.

In addition, there are various projects facing changes to funding or ending of contracts, each of which will have an impact on the Society as a whole. These are described below.

#### *Housing*

The Society, as a small Housing Association, will continue to provide housing for just over 300 people. This is generally secure, with good levels of demand for these services.

During the coming years it is planned to progress with the redevelopment of one of our projects, producing 6 self contained flats. It is also planned to agree a way forward with our statutory partners concerning the future of the Albert Road South property.

#### *Support*

The Society has won a number of contracts over the last 12 months, securing our role as a major provider of housing related support to people in Southampton. The projects working in the fields of substance misuse and mental health are therefore relatively secure for the coming few years. The current challenge is to implement all the plans laid out in the tender documents and establish effective services in a timely and efficient manner.

A review of Homeless Services in the city has begun. This is the preliminary work which will culminate in the re-tendering of all the services working with single homeless people in the city, which is a major part of the Society's work. Initial signs are that future contracts will be smaller than those in the past, due to budgetary pressures. This will probably not impact on the current year, but will be a significant event for 2011-2012.

#### *Substance Misuse Services*

The Society is currently providing a range of services in Southampton and in the Eastleigh and New Forest districts of Hampshire. Hampshire County Council has served notice that their existing contracts will be ending at the end of the current financial year and the tendering processes for this work is expected to be completed by the autumn. The new contracts are expected to be larger than the existing arrangements, covering a greater geographic area, but there will be significant competition for this work.

In Southampton, the Society's work is expected to be secure over the coming year, with reviews to services expected in 2011-2012. Again, it must be anticipated that there will be significant budgetary pressure on these services when they are re-tendered.

#### *Social Enterprise*

Jamie's Computers is in a better position than this time last year, with a new emphasis on a commercial approach to the project. The sale of computers and laptops to local people, working with Computer Aid to send equipment to educational projects in the developing world and achieving better prices for the un-useable scrap have all continued to be the key areas of activity. The project is becoming more widely known and the numbers of customers using the service for the removal of their old IT is growing, ensuring a good supply of materials for the project.

Income generation from these activities has improved significantly over the last twelve months and there remain opportunities for further growth.

# Society of St James

## Report of the Board of Trustees (Continued) for the year ended 31 March 2010

---

### Statement of the Board of Trustees' responsibilities

The board members are responsible for preparing the report of the board and the financial statements in accordance with applicable law and regulations.

Company law and social housing legislation require the board members to prepare financial statements for each financial year. Under that law the board members 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 the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the association and of the surplus or deficit of the association for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice: Accounting by registered social landlords (2008) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the association will continue in business.

The board members are responsible for keeping adequate accounting records that are sufficient to show and explain the association's transactions and disclose with reasonable accuracy at any time the financial position of the association and enable them to ensure that the financial statements comply with the Companies Act 2006, the Housing Act 1996 (to 31 March 2010), the Housing and Regeneration Act (from 1 April 2010) and the Accounting Requirements for Registered Social Landlords General Determination 2006. They are also responsible for safeguarding the assets of the association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The board is responsible for ensuring that the report of the board is prepared in accordance with the Statement of Recommended Practice: Accounting by registered social landlords (2008).

Financial statements are published on the association's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the association's website is the responsibility of the board members. The board members' responsibility also extends to the ongoing integrity of the financial statements contained therein.

### Auditors

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

BDO LLP have expressed their willingness to continue in office and a resolution to reappoint them will be proposed at the Annual General Meeting.

This report was approved by the Board of Trustees on 21/9/2010  
and is signed on its behalf by:



**B Hooper, Trustee**

# Society of St James

## Report of the independent auditors for the year ended 31 March 2010

---

### To the members of Society of St James

We have audited the financial statements of Society of St James for the year ended 31 March 2010 which comprise the income and expenditure account, the balance sheet, the statement of total recognised surpluses and deficits and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the association's members, as a body, in accordance with the Housing Act 1996 (to 31 March 2010), the Housing and Regeneration Act (from 1 April 2010) and Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the association and the association's members as a body, for our audit work, for this report, or for the opinions we have formed.

### *Respective responsibilities of the board and auditors*

As explained more fully in the statement of board member responsibilities, the board members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit 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 (APB'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 association's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the board members; and the overall presentation of the financial statements.

### *Opinion on financial statements*

In our opinion the financial statements:

- give a true and fair view of the state of the association's affairs as at 31 March 2010 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 Companies Act 2006, the Housing Act 1996 (to 31 March 2010), the Housing and Regeneration Act (from 1 April 2010) and the Accounting Requirements for Registered Social Landlords General Determination 2006.

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

In our opinion the information given in the Report of the Board for the financial year for which the financial statements are prepared is consistent with the financial statements.

# Society of St James

## Report of the independent auditors (*Continued*) for the year ended 31 March 2010

---

### *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 board member and or directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Timothy Bentall, FCA (*Senior Statutory Auditor*)  
For and on behalf of BDO LLP, statutory auditor  
Southampton  
United Kingdom

Date

21 September 2010

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

# Society of St James

## Income and expenditure account for the year ended 31 March 2010

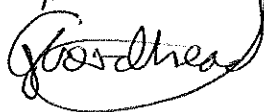
	Notes	2010 £	2009 £
<b>Turnover</b>	3	5,442,292	5,595,692
Operating costs	3	5,336,150	5,505,171
		106,142	90,521
<b>Operating surplus</b>	2,3		
Profit on sale of investments		1,770	-
Interest receivable	6	4,272	8,392
Interest payable	7	(13,571)	(46,953)
		98,613	51,960
<b>Surplus on ordinary activities before taxation</b>			
Tax on surplus on ordinary activities	8	-	-
		98,613	51,960
<b>Surplus for the year</b>	20	98,613	51,960

The following information does not form part of the income and expenditure account but is shown here as in the opinion of the Trustees doing so improves the clarity of the financial statements.

Transfers from revaluation reserve	17	3,313	-
Transfers to designated reserves	18	(68,012)	(52,259)
Transfers from restricted reserves	19	53,549	29,110
		87,463	28,811
Retained surplus for the financial year		87,463	28,811

All the activities of the charitable company are classed as continuing.

The financial statements on pages 10 to 25 were approved and authorised for issue by the Board of Trustees on 21 September 2010 and are signed on its behalf by:



**C J Goodhead**  
Trustee



**B R Hooper**  
Trustee

### Statement of total recognised surpluses and deficits for the year ended 31 March 2010

	Notes	2010 £	2009 £
Surplus for the year		98,613	51,960
Unrealised surplus/(deficit) on investments	17	51,829	(44,836)
		150,442	7,124
<b>Total recognised surpluses for the year</b>		150,442	7,124

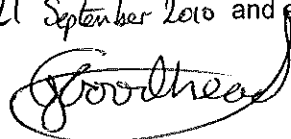
The notes on pages 12 to 25 form part of these financial statements.

# Society of St James

## Balance sheet at 31 March 2010

	Notes	2010 £	2009 £
<b>Fixed assets</b>			
Housing properties at cost less depreciation	9	3,432,906	3,452,480
Less: Social Housing Grants	9	(1,873,604)	(1,873,604)
Less: Other Grants	9	(351,566)	(351,566)
		1,207,736	1,227,310
Net book value of housing properties			
Intangible assets	10	110,500	117,000
Other fixed assets	11	84,298	128,712
		1,402,534	1,473,022
Investments	12	185,792	119,905
		1,588,326	1,592,927
<b>Current assets</b>			
Debtors	13	460,518	393,937
Cash at bank and in hand		352,746	399,767
		813,264	793,704
<b>Creditors: amounts falling due within one year</b>	14	(410,142)	(517,909)
		403,122	275,795
<b>Net current assets</b>			
<b>Total assets less current liabilities</b>		1,991,448	1,868,722
<b>Creditors: amounts falling due after more than one year</b>	15	636,607	664,323
<b>Capital and reserves</b>			
Revaluation reserve	17	53,098	4,582
Designated reserves	18	289,205	221,193
Restricted reserves	19	280,357	333,906
Revenue reserves	20	732,181	644,718
		1,991,448	1,868,722

The financial statements on pages 10 to 25 were approved and authorised for issue by the Board of Trustees on 21 September 2010 and are signed on its behalf by:-



Trustee



Trustee

The notes on pages 12 to 25 form part of these financial statements.

# Society of St James

## Notes forming part of the financial statements for the year ended 31 March 2010

### 1 Accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards and the Statement of Recommended Practice "Accounting by Registered Social Landlords (Updated 2008)" and comply with the Accounting Requirements for Registered Social Landlords General Determination 2006. A summary of the more important accounting policies, which have been applied consistently (except where stated) is set out below:-

a) *Accounting convention*

These financial statements are prepared under the historical cost convention (modified for the revaluation of certain investments).

b) *Turnover*

The turnover shown in the income and expenditure account represents rent and service charge income receivable together with revenue grants and donations.

c) *Goodwill*

Positive goodwill arising from the purchase in November 2006 of Avondale Residential Care Home (representing the excess of the purchase price of the business over the valuation of the assets acquired) has been capitalised and, subject to impairment reviews as required, will be amortised by equal charges to the income and expenditure account, over the period from which economic benefit is derived, and not exceeding 20 years.

d) *Freehold housing property*

Freehold housing properties are stated at cost less any capital grants received in respect of the property. Cost includes the cost of acquiring land and buildings, development costs, and expenditure incurred in respect of improvements. Improvements are works which result in an increase in the net rental income, such as a reduction in future maintenance costs, or result in a significant extension of the useful economic life of the property in the business. Other repair work is charged to the income and expenditure account.

Depreciation is provided to write off the cost of freehold buildings less any expected residual value over their expected useful life of 50 years using the straight line method. No depreciation is charged on freehold land.

Social Housing Grant and other grants are deducted from the cost of housing properties. This departure from the Companies Act has been made in order to comply with the Statement of Recommended Practice "Accounting by Registered Social Landlords (Update 2008)" and with the overriding requirement of the General Determination 2006 and the Companies Act 2006 for accounts to be produced so as to give a true and fair view.

e) *Leasehold housing property*

Leasehold housing property is accounted for as Freehold housing property other than depreciation which is charged over the life of the lease, or 50 years, whichever is the lower.

f) *Other fixed assets*

Expenditure on other tangible fixed assets is capitalised only when it has a life of more than one year and has a value of more than £1,000, or where the expenditure forms part of the overall setup costs of a new project (including professional fees). The cost of other items is written off as incurred. Depreciation is provided on these tangible fixed assets at rates calculated to write off cost over their expected useful lives, using the straight line method at a rate of between 25% to 50% per annum. Leasehold improvements are written off over the life of the relevant lease.

# Society of St James

## Notes forming part of the financial statements for the year ended 31 March 2010

---

### 1 Accounting policies (continued)

- g) *Social Housing Grant and other Public Grants*  
Social Housing Grant and other public grants are treated as grants for accounting purposes although capital grants are repayable under certain circumstances, primarily following the sale of a property.
- h) *Investments*  
Investments are valued at current market value.
- i) *Operating leases*  
Annual rentals under operating leases are charged to the profit and loss account on a straight-line basis over the term of the lease.
- j) *Pension costs*  
Payments made to defined contribution pension schemes are charged to the income and expenditure account in the period in which they are paid.
- k) *Designated Reserves*  
Designated reserves are part of unrestricted reserves, which have been earmarked by the Board of Trustees for a particular purpose. Such designations may be reversed by future Board decisions. Expenditure cannot be directly set against designated reserves but is taken through the income and expenditure account. A transfer is then made from designated reserves as appropriate.
- l) *Restricted Reserves*  
Restricted reserves are those reserves which are only expendable in accordance with the wishes of the funder or regulatory body. Restricted reserves include funds raised in accordance with a specific appeal or application. Expenditure cannot be directly set against restricted reserves but is taken through the income and expenditure account. A transfer from restricted reserves is then made as appropriate. Where a restricted reserve is represented by assets that are then revalued, the revaluation element is added to the restricted reserve.
- m) *Provisions*  
The use of provisions is restricted to situations where a liability exists but where there is some uncertainty as to the timing or amount of the expenditure or the identity of the creditor.
- n) *Cash flow statement*  
The Society is exempt under the provisions of FRS 1 (revised) from preparing a cash flow statement.
- o) *Supporting people*  
Income received under the Supporting People programme is recognised in the period to which it relates. Expenditure is recognised on the accruals basis.
- p) *Value added tax*  
The Society is not VAT registered and so is unable to recover any VAT. All VAT incurred is included within the category of expenditure to which it relates.

# Society of St James

Notes forming part of the financial statements  
for the year ended 31 March 2010 (*Continued*)

## 2 Operating surplus

	2010 £	2009 £
<i>Operating surplus is stated after charging:</i>		
Depreciation - housing properties	19,575	19,574
- other fixed assets	74,229	53,256
Amortisation of goodwill	6,500	6,500
Auditors' remuneration - as auditors (including VAT and expenses)	11,091	8,315
- other	1,685	2,079
Operating lease costs - land and buildings	531,903	437,169
	531,903	437,169

## 3 Turnover

The turnover and surplus before tax are attributable to the charitable company's principal activity of the provision of sustenance and accommodation to the homeless.

### 3a Particulars of turnover, operating costs and operating surplus

	Turnover £	Operating costs £	2010 Operating surplus/ (deficit) £	2009 Operating surplus/ (deficit) £
<i>Social housing lettings (Note 3b):</i>	3,783,256	3,753,409	29,847	6,319
<i>Other social housing activities:</i>				
Home support	169,576	158,821	10,755	3,943
Older Persons support service	61,041	51,446	9,595	28,352
Handyperson service	41,450	32,111	9,339	-
Drugs related support services	1,138,762	1,074,813	63,949	114,794
<b>Total social housing activities</b>	5,194,085	5,070,600	123,485	153,408
<i>Other non-social housing activities:</i>				
Jamie's Computer Club	248,207	265,550	(17,343)	(62,887)
<b>Total activities</b>	5,442,292	5,336,150	106,142	90,521

# Society of St James

Notes forming part of the financial statements  
for the year ended 31 March 2010 (*Continued*)

## 3 Turnover (continued)

### 3b Particulars of income and expenditure from lettings

	Supported housing £	Care home £	2010 Total £	2009 Total £
<i>Income from lettings:</i>				
Rent receivable net of identifiable service charges and voids	903,910	266,196	1,170,106	1,141,716
Service charges receivable	1,121,788	-	1,121,788	1,188,765
<b>Net rents receivable</b>	<b>2,025,698</b>	<b>266,196</b>	<b>2,291,894</b>	<b>2,330,481</b>
Supporting People Grant	1,410,759	-	1,410,759	1,636,075
Other revenue grants and donations	66,120	14,483	80,603	61,479
<b>Turnover from social housing lettings</b>	<b>3,502,577</b>	<b>280,679</b>	<b>3,783,256</b>	<b>4,028,035</b>
<i>Expenditure on letting activities:</i>				
Management	245,305	7,012	252,317	258,440
Services	2,365,830	290,337	2,656,167	3,042,327
Routine maintenance	126,910	4,826	131,736	73,118
Planned maintenance	20,174	4,597	24,771	2,923
Major repairs expenditure	68,965	5,000	73,965	48,431
Rent losses from bad debts	69,092	-	69,092	68,055
Property lease charges	446,662	-	446,662	437,043
Depreciation of housing properties	14,301	5,276	19,577	19,574
Other costs	65,288	13,834	79,122	71,805
<b>Total operating costs on social housing lettings</b>	<b>3,422,527</b>	<b>330,882</b>	<b>3,753,409</b>	<b>4,021,716</b>
<b>Operating surplus/(deficit) on social housing lettings</b>	<b>80,050</b>	<b>(50,203)</b>	<b>29,847</b>	<b>6,319</b>
Rent losses from voids	155,021	44,544	199,565	199,620

## 4 Staff costs

	2010 £	2009 £
Wages and salaries	3,044,921	3,217,862
Social security costs	266,121	281,984
Other pension costs	56,670	56,681
<b>Total</b>	<b>3,367,712</b>	<b>3,556,527</b>

# Society of St James

## Notes forming part of the financial statements for the year ended 31 March 2010 (Continued)

### 4 Staff costs (continued)

The average number of staff directly employed by the company during the year (expressed in full time equivalents) was:

	2010 Number	2009 Number
Housing and support	82	91
Substance misuse	31	30
Social enterprise	6	10
Finance	5	5
Administration	8	9
	132	145
	132	145

### 5 Chief Executive's and Senior Management Team's emoluments

	2010 £	2009 £
The aggregate emoluments of the Chief Executive and Senior Management Team in respect of qualifying services were:		
Wages and salaries	240,059	266,773
Company contributions to money purchase pension schemes	16,283	15,821
	256,342	282,594
	256,342	282,594

The Chief Executive is the highest paid member of the Senior Management Team.

Emoluments	56,144	54,622
Value of company pension contributions to money purchase schemes	5,051	4,916
	61,195	59,538
	61,195	59,538

No member of the Board of Trustees received any remuneration in either the current or comparative years.

All company pension scheme contributions are made to a pension scheme operated on the Society's behalf by the Pension Trust.

### 6 Interest receivable and similar income

	2010 £	2009 £
Interest receivable	4,272	8,392
	4,272	8,392
	4,272	8,392

# Society of St James

## Notes forming part of the financial statements for the year ended 31 March 2010 (*Continued*)

### 7 Interest payable

	2010 £	2009 £
Mortgage interest	13,571	46,953
	13,571	46,953

### 8 Tax on surplus on ordinary activities

Society of St James is a registered charity and, as such, is exempt from liability to taxation on income and capital gains derived from its charitable activities.

### 9 Housing property

	Leasehold land and property £	Freehold land and property £	Total  £
<i>Cost</i>			
At 1 April 2009 and 31 March 2010	1,126,786	2,439,669	3,566,455
	1,126,786	2,439,669	3,566,455
<i>Other public grants received</i>			
At 1 April 2009 and 31 March 2010	-	(351,566)	(351,566)
	-	(351,566)	(351,566)
<i>Social Housing Grant (SHG) received</i>			
At 1 April 2009 and 31 March 2010	(946,045)	(927,559)	(1,873,604)
	(946,045)	(927,559)	(1,873,604)
<i>Depreciation</i>			
At 1 April 2009	18,252	95,719	113,971
Charge for the year	3,042	16,535	19,577
	21,294	112,254	133,548
At 31 March 2010	21,294	112,254	133,548
	21,294	112,254	133,548
<i>Net book value</i>			
At 31 March 2010	159,447	1,048,290	1,207,737
	159,447	1,048,290	1,207,737
At 31 March 2009	162,489	1,064,822	1,227,310
	162,489	1,064,822	1,227,310

Included in freehold land and property is freehold land amounting to £491,807 (2009: £491,807), which is not depreciated. Included in leasehold land and property is leasehold land amounting to £68,713 (2009: £68,713), which is not depreciated. No SHG was receivable at the year end.

# Society of St James

Notes forming part of the financial statements  
for the year ended 31 March 2010 (*Continued*)

10 Intangible assets					Goodwill £	
At 1 April 2009					117,000	
<i>Depreciation</i>						
Charge for the year and at 31 March 2010					6,500	
<i>Net Book Value</i>						
At 31 March 2010					110,500	
At 31 March 2009					117,000	
11 Other fixed assets	Leasehold improvements £	Motor vehicles £	Office equipment £	Housing equipment £	Total £	
<i>Cost</i>						
At 1 April 2009	98,560	32,771	177,670	108,866	417,867	
Additions	-	4,670	15,972	9,173	29,815	
Disposals	-	(13,676)	(36,338)	(47,287)	(97,301)	
	98,560	23,765	157,304	70,752	350,381	
<i>Depreciation</i>						
At 1 April 2009	64,082	32,771	122,346	69,956	289,155	
Charge for the year	29,563	1,040	23,802	19,824	74,229	
Disposals	-	(13,676)	(36,338)	(47,287)	(97,301)	
	93,645	20,135	109,810	42,443	266,083	
<i>Net book value</i>						
At 31 March 2010	4,915	3,630	47,494	28,259	84,298	
At 31 March 2009	34,478	-	55,324	38,910	128,712	
12 Investments					2010 £	2009 £
<i>Cost or valuation</i>						
Valuation at 1 April 2009					119,905	164,741
Additions					29,999	-
Disposals					(17,712)	-
Unrealised gain in year					51,829	(44,836)
Realised gain in year					1,771	-
					185,792	119,905
Valuation at 31 March 2010					185,792	119,905
Historic cost					132,694	115,323

All fixed asset investments are listed and are stated at market value.

## Society of St James

### Notes forming part of the financial statements for the year ended 31 March 2010 (Continued)

13 Debtors	2010 £	2009 £
Trade debtors	334,429	280,844
Other debtors	11,948	5,486
Prepayments and accrued income	114,141	107,607
	460,518	393,937

Trade debtors include rent arrears of £174,572 (2009: £151,937) net of provisions for bad and doubtful debts of £147,185 (2009: £147,605).

14 Creditors: Amounts falling due within one year	2010 £	2009 £
Secured mortgage	26,418	23,186
Trade creditors	195,841	228,384
Grants in advance	44,917	63,432
Taxation and social security	73,246	78,161
Other creditors	23,930	55,399
Accruals and deferred income	45,790	69,347
	410,142	517,909

15 Creditors: Amounts falling due after more than one year	2010 £	2009 £
Secured mortgages	636,607	664,323

In 2003 and 2006, the Society obtained mortgages of £400,000 and £350,000 respectively, both of which are repayable at a variable rate of interest equal to the 6 month LIBOR rate +0.65%. The mortgages are secured by a fixed charge over four of the Society's properties. The mortgages are repayable as follows:

	2010 £	2009 £
In less than one year	26,418	23,186
In more than one year but less than two years	26,814	23,777
In more than two years but less than five years	82,952	75,035
In more than five years	526,841	565,511
	663,025	687,509

The mortgage of £400,000 is repayable over 25 years from 25 February 2003.  
The mortgage of £350,000 is repayable over 30 years from 13 November 2006.

# Society of St James

## Notes forming part of the financial statements for the year ended 31 March 2010 (Continued)

### 16 Commitments

#### *Capital commitments*

At 31 March 2010 and 2009 the charitable company had no capital commitments.

### 17 Revaluation reserve

	2010 £
Balance brought forward	4,582
Revaluation of investments – unrealised gain	51,829
Transfer to revenue reserve – historic loss	(3,313)
	<hr/>
Balance carried forward	53,098
	<hr/>

### 18 Designated reserves

	2010 £
<i>Major repairs reserve:</i>	
Balance brought forward	201,193
Transfer from income and expenditure account	105,593
Transfer to income and expenditure account – utilised in year	(73,131)
	<hr/>
Balance carried forward	233,655
	<hr/>
<i>Legal costs reserve:</i>	
Balance brought forward and carried forward	20,000
	<hr/>
<i>Hardship Fund reserve:</i>	
Transfer from income and expenditure account	71,100
Transfer to income and expenditure account – utilised in year	35,550
	<hr/>
Balance carried forward	35,550
	<hr/>
Total designated reserves	289,205
	<hr/>
Total net transfer from income and expenditure account	68,012
	<hr/>

The major repairs reserve represents amounts identified by the Board of Trustees as required for future repairs of the Society's freehold property in accordance with a 30 year expenditure plan.

The legal costs reserve represents amounts identified as potential legal costs payable following the introduction of Anti-Social Behaviour Order legislation.

The Hardship Fund reserve represents money received from the Communities Development Fund to provide financial support for Jamie's Computers. The money is restricted for use for costs at Jamie's Computers but there is no restriction regarding the length of time the money is spread over. The Board have decided to allocate the receipt across the year represented in the application and have therefore designated this fund into a reserve.

# Society of St James

## Notes forming part of the financial statements for the year ended 31 March 2010 (Continued)

---

19 Restricted reserves	2010 £
<i>Property development reserve:</i>	
Balance brought forward	77,597
Transfer to income and expenditure account	(1,656)
	<hr/>
Balance carried forward	75,941
	<hr/>
<i>Heavy drinkers hostel reserve:</i>	
Balance brought forward and carried forward	8,216
	<hr/>
<i>Cobden Avenue capital reserve:</i>	
Balance brought forward	159,528
Transfer to income and expenditure account	(2,139)
	<hr/>
Balance carried forward	157,389
	<hr/>
<i>Land purchase reserve:</i>	
Balance brought forward and carried forward	10,000
	<hr/>
<i>Avondale fixtures &amp; fittings reserve:</i>	
Balance brought forward	6,250
Transfer to income and expenditure account	(6,250)
	<hr/>
Balance carried forward	-
	<hr/>
<i>Howard Road bathroom reserve:</i>	
Balance brought forward	2,760
Transfer to income and expenditure account	(2,760)
	<hr/>
Balance carried forward	-
	<hr/>
<i>Broadband into Houses appeal:</i>	
Balance brought forward	4,840
Transfer to income and expenditure account	(3,147)
	<hr/>
Balance carried forward	1,693
	<hr/>
<i>Cobden Avenue appeal:</i>	
Balance brought forward and carried forward	8,000
	<hr/>

# Society of St James

Notes forming part of the financial statements  
for the year ended 31 March 2010 (*Continued*)

## 19 Restricted reserves (continued)

	2010 £
<i>Southampton DAT Capital:</i>	
Balance brought forward	24,522
Transfer to income and expenditure account	(24,522)
	-----
Balance carried forward	-
	-----
<i>Southampton DIP Capital:</i>	
Balance brought forward	10,593
Transfer to income and expenditure account	(7,133)
	-----
Balance carried forward	3,461
	-----
<i>Hampshire DAAT Capital:</i>	
Balance brought forward	11,600
Transfer to income and expenditure account	(5,800)
	-----
Balance carried forward	5,800
	-----
<i>Bellevue Reserve:</i>	
Balance brought forward	10,000
Transfer to income and expenditure account	(4,844)
	-----
Balance carried forward	5,156
	-----
<i>Department of Health OFV Grant</i>	
Balance brought forward	-
Transfer from income and expenditure account	35,000
Transfer to income and expenditure account	(35,000)
	-----
Balance carried forward	-
	-----
<i>Rent Deposit Reserve</i>	
Transfer from income and expenditure account	5,000
Transfer to income and expenditure account	(300)
	-----
Balance carried forward	4,700
	-----
<i>Restricted reserves summary</i>	
Balance brought forward	333,906
Net transfer to income and expenditure account	(53,549)
	-----
Balance carried forward	280,357
	-----

# Society of St James

## Notes forming part of the financial statements for the year ended 31 March 2010 (Continued)

### 19 Restricted reserves (continued)

The property development reserve represents amounts received towards the purchase of the Gordon Avenue property. This property provides self-contained units of accommodation for long-term tenants. The transfer to the income and expenditure account represents a depreciation of this reserve on the same basis as the freehold property to which it relates. Some of this reserve is funding the purchase of land and is therefore not depreciated.

The heavy drinkers hostel reserve represents funds donated towards the setting up of an additional project for heavy drinkers. This is being maintained as a restricted reserve until the main grant ceases to become repayable in 2013, at which point the grant and fund will be amalgamated.

The Cobden Avenue capital reserve represents donations received towards the purchase of a property currently managed by the Society of St James. The property houses residents with learning difficulties. The purchase was completed in May 2002. The transfer to the income and expenditure account represents a depreciation of this reserve on the same basis as the freehold property to which it relates. Some of this reserve is funding the purchase of land and is therefore not depreciated.

The land purchase reserve represents a donation received towards the purchase of land in Howard Road.

The Avondale fixtures and fittings reserve represents amounts donated to the Society to put towards the purchase or redevelopment of a care home and has been fully utilised to pay for the fixtures and fittings.

The Howard Road bathroom reserve represents funds donated specifically for properties housing clients with Mental Health difficulties. The works have been fully completed in the year.

The Broadband into Houses appeal represents funds donated specifically for setting up Broadband connections, and associated hardware and software, for the residents in the Society's properties. New equipment has been installed but the funds will remain in restricted reserves until fully expended.

The Cobden Avenue appeal represents funds donated specifically for works to be undertaken at this property. The funds will remain in restricted reserves until fully expended.

The Southampton DAT Capital reserve represents amounts paid to the Society by Southampton DAT (£75,000) and West Hants NHS Trust (£3,847) to undertake capital works at Oxford House where most of the Society's drug support services are based. The transfer to the Income and Expenditure account represents a depreciation of this reserve on the same basis as the depreciation of the capital works.

The Southampton DIP capital reserve represents amounts received on the disposal of a car. Southampton City Council stipulated that the funds should only be used for the purchase and implementation of Specialist Software for the Southampton DIP, this process is ongoing. An additional sum was provided to the reserve by Southampton DAT in 08/09 for further capital works which has now been fully expended.

The Hampshire DAAT Capital reserve represents amounts paid to the Society by Hampshire DAAT to undertake capital works at the new premises from which the Hampshire DAAT drugs and alcohol support service will be based. The transfer to the Income and Expenditure account represents a depreciation of this reserve on the same basis as the depreciation of the capital works.

The Bellevue reserve represents monies received from the Garfield Weston Foundation specifically for works to be undertaken at 5 Bellevue Road. Work commenced during the year but the funds will remain in restricted reserves until fully expended.

The Department of Health OFV grant represents monies received from Volunteering England that were restricted for use solely on the OFV project with a stipulation in the grant requirements that this was recorded in the Society's Annual Accounts.

The Rent Deposit reserve represents monies received from Southampton City Council to pay for a rent deposit scheme to help move residents on into private accommodation.

# Society of St James

Notes forming part of the financial statements  
for the year ended 31 March 2010 (*Continued*)

20 Revenue reserves	2010 £
Balance brought forward	644,718
Surplus for the year	98,613
Transfer from revaluation reserve (note 17)	3,313
Transfer to designated reserves (note 18)	(68,012)
Transfer from restricted reserves (note 19)	53,549
	732,181
Balance carried forward	732,181

## 21 Assured tenancy

The average weekly assured tenancy rent for the year was £121.52 (2009: £120.26). The increase from 2009 was 1.05%. Core rents have increased in line with rent restructuring rules.

## 22 Housing stock

The housing stock of the charitable company comprised the following types of property.

	2010	2009
Leased supported units	209	209
Owned supported units	119	119
	228	328

## 23 Legislative provisions

Society of St James is a company limited by guarantee and is registered with the Charity Commission and Tenant Services Authority.

## 24 Commitments under operating leases

The company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings	
	2010	2009
	£	£
Operating leases which expire:		
Within one year	140,223	30,306
In two to five years	313,720	297,152
After five years	86,361	178,453
	540,304	505,911

# Society of St James

## Notes forming part of the financial statements for the year ended 31 March 2010 (*Continued*)

---

### 25 Pension Scheme

*Society of St James participates in a variety of pensions schemes administrated by the Pensions Trust. For all schemes, the Society paid contributions at the rate of 9% of salary during the accounting period. Members paid contributions at the rate of 5% of salary during the accounting period. All schemes, apart from the Growth Plan, are defined contribution, as opposed to defined benefit, schemes. The Growth Plan is funded, is not contracted out of the state scheme, and is a multi-employer pension plan. The scheme's Actuaries have advised that it is not possible to identify the share of the underlying assets and liabilities of the plan belonging to individual participating employers.*

*Contributions paid into the Growth Plan up to and including September 2001 were converted to defined amounts from Normal Retirement date. From October 2001 contributions were invested in personal funds which have a capital guarantee and which are converted to pension on retirement, either within the Growth Plan or by the purchase of an annuity.*

*The last formal valuation of the scheme was performed at 30 September 2009 which identified a total shortfall across all of the participating employers of £28.6million on the Technical Provisions basis. The next full valuation will be carried out as at 30 September 2011.*

*Following a change in legislation in September 2005 there is a potential debt on the employer that only applies to employers with pre October 2001 liabilities in the Plan. The debt is due in the event of the employer ceasing to participate in the Plan or the Plan winding up. The Board considers the likelihood of such an event occurring to be remote.*

### 26 Supporting People Grant

Supporting People income is used for the provision of Housing Related Support. The total grant received for the year ended 31 March 2010 was £1,644,450 (2009: £1,849,993).