

**VICTORIA PARK HOMES
(1965) LIMITED**

Report and Financial Statements

**For the year ended
31st December 2013**

**FIELD SULLIVAN LIMITED
CHARTERED ACCOUNTANTS**

**NEPTUNE HOUSE
70 ROYAL HILL
LONDON SE10 8RF**

VICTORIA PARK HOMES (1965) LIMITED

Annual report and financial statements for the year ended 31 December 2013

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VICTORIA PARK HOMES (1965) LIMITED

ADMINISTRATIVE AND LEGAL INFORMATION

STATUS: Company Registration Number: IP 17128R
The Association's governing document is its Rules.

SECRETARY: Anne Cartwright

REGISTERED OFFICE: 3 Hope Close
Islington
London
N1 2YS

COMMITTEE OF MANAGEMENT:

Jane Thorington-Hassell	Chair
Adrian D.C. Greenwood	Honorary Treasurer
Angela Reith	
Chris Lawrence (resigned 24 September 2013)	
Mike Wilton	

AUDITORS: Field Sullivan Limited
Neptune House
70 Royal Hill
London
SE10 8RF

BANKERS: Co-operative Bank plc
Head Office
P.O.Box101
1 Balloon Street
Manchester
M60 4EP

SOLICITORS: Solomon, Taylor & Shaw
3 Coach House Yard
Hampstead
London
NW3 1QD

VICTORIA PARK HOMES (1965) LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT

Year ended 31 December 2013

The Committee of Management presents its report together with the audited financial statements for the year ended 31 December 2013.

LEGISLATIVE PROVISION

The Association is incorporated under the Industrial and Provident Societies Act 1965 and is a Registered Social Housing Provider registered with the Homes and Communities Agency under the Housing and Regeneration Act 2008.

PRINCIPAL ACTIVITY

The principal activity of the Association is the provision of accommodation for people on low income.

REVIEW OF RESULTS

The Association made an operating deficit of £17,501 compared with a surplus of £8,416 for last year. This reduction is primarily due to the Mission House project and major works to 63 Median Road, as planned. There was no sale of properties this year as compared to a surplus of £31,990 on the sale of properties in 2012. Finance charge on the housing loans increased to £85,481 from £5,579. Rents on new developments and re-lets are set broadly to recover annual outgoings and make a contribution to planned maintenance. Until the expenditure is incurred, these contributions remain part of the operating surplus.

The number of units of accommodation at 31 December 2013 was:

Units managed and under development by the Association	Number
General needs	5
Shared ownership	7

Risk assessment. The directors have not formally assessed the risk to which the association is exposed. However our buildings insurance and public liability insurance are reviewed periodically. Our rented properties are surveyed when appropriate and planned maintenance is carried out. Our lessees are required to keep their homes in good repair; support is offered in this respect. Reserves are of a level to cover most possible risks. Access to housing, legal, and financial experts also minimises risks

Reserve policy. Reserves are currently high. There are plans to reduce these as more properties are purchased in furtherance of our objectives. No major expenditure on rented properties is envisaged for several years but we anticipate reserves remaining above £40,000 with this liability in mind and a further £40,000 in the event of any individual loan repayments being required on 63 Median Road.

Plans for the future. The committee is actively working towards a merger with Affordable Christian Housing, an organisation with similar objectives and track record. The merger is planned to happen to take place via a Transfer of Engagements from ACH to VPH65 followed by a change of name and change of registered address for VPH65. VPH65 will take on ACH staff. We have chosen to do it this way because VPH65 is registered with the Homes & Communities Agency.

THE COMMITTEE OF MANAGEMENT RESPONSIBILITIES

The Committee is required to prepare financial statements for each financial year in accordance with applicable laws and United Kingdom Generally Accepted Accounting Practice which give a true and fair view of the state of affairs of the Association and of the surplus or deficit for that period. In preparing those financial statements, the Committee is required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Registered Social Housing Providers SORP;
- make judgements 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

VICTORIA PARK HOMES (1965) LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT (continued)
Year ended 31 December 2013

The Committee is responsible for maintaining adequate accounting records which disclose, with reasonable accuracy at any time, the financial position of the Association and to enable them to ensure that the financial statements comply with the Industrial and Provident Societies Acts 1965 to 2002, the Housing and Regeneration Act 2008 and the Accounting Direction for Social Housing in England from April 2012. It is also responsible for safeguarding the assets of the Association and hence for taking steps for the prevention and detection of fraud and other irregularities.

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

THE COMMITTEE OF MANAGEMENT AND EXECUTIVE OFFICERS

The Committee of Management of the Association are listed on page 1.

By order of the Committee

J. Thorington-Hassell
Chair

Date:

REPORT OF THE INDEPENDENT AUDITORS ON THE FINANCIAL STATEMENTS

Independent Auditor's Report to the Members of Victoria Park Homes (1965) Limited

We have audited the financial statements of Victoria Park Homes (1965) Limited for the year ended 31st December 2013 on pages 5 to 12. The financial reporting framework that has been applied in their preparation is applicable law and UK accounting standards (UK Generally Accepted Accounting Practice).

This report is made solely to the Association's members, as a body, in accordance with Section 9 of the Friendly and Industrial and Provident Societies Act 1968 and the Housing and Regeneration Act 2008. 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 Committee of Management and auditors

As explained more fully in the Statement of the Committee of Management Responsibilities set out on pages 2 and 3, the Committee of Management is 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

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 Committee of Management; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Report of the Committee of Management to identify material inconsistencies in the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of the Association's affairs as at 31st December 2013 and of its income and expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Industrial and Provident Societies Act 1965, the Friendly and Industrial and Provident Societies Act 1968, the Housing and Regeneration Act 2008 and the Accounting Direction for Social Housing in England from April 2012.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Friendly and Industrial and Provident Societies Act 1968 require us to report to you if, in our opinion:

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

Field Sullivan Limited
Chartered Accountants
Statutory Auditor
Neptune House
70 Royal Hill
London
SE10 8RF

Date:

VICTORIA PARK HOMES (1965) LIMITED

INCOME AND EXPENDITURE ACCOUNT

For the year ended 31 December 2013

	Note	2013 £	2012 £
TURNOVER	2	72,430	70,080
Operating costs	2	<u>(89,932)</u>	<u>(61,664)</u>
OPERATING (DEFICIT)/SURPLUS	2	(17,502)	8,416
Surplus from sale of properties	3	<u>-</u>	<u>31,990</u>
(Deficit)/Surplus on ordinary activities before interest		(17,502)	40,406
Interest receivable and other income	4	997	1,034
Interest payable and similar charges: housing loans		<u>(85,481)</u>	<u>(5,579)</u>
(DEFICIT)/SURPLUS ON ORDINARY ACTIVITIES		<u>(101,986)</u>	<u>35,861</u>

All amounts relate to continuing activities.

All recognised gains and losses are included in the income and expenditure account.

A Statement of Total Recognised Gains and Losses is not required as there are no recognised surpluses in this or the prior period other than the surplus or deficit for those periods.

The notes on pages 7 to 12 form part of these financial statements.

VICTORIA PARK HOMES (1965) LIMITED**BALANCE SHEET**

As at 31 December 2013

	Note	2013		2012	
FIXED ASSETS		£	£	£	£
Tangible assets					
Housing properties at cost less depreciation	7		1,272,927		1,290,922
CURRENT ASSETS					
Debtors	8	25,502		22,766	
Cash at bank and in hand		<u>330,167</u>		<u>337,926</u>	
		355,669		360,692	
CREDITORS: amounts falling due within one year	9	<u>(4,503)</u>		<u>(11,016)</u>	
NET CURRENT ASSETS/(LIABILITIES)			<u>351,166</u>		<u>349,676</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			1,624,093		1,640,598
CREDITORS: amounts falling due after more than one year	10		<u>(520,320)</u>		<u>(434,839)</u>
			<u>1,103,773</u>		<u>1,205,759</u>
CAPITAL AND RESERVES					
Share capital	11	19		19	
Revenue reserve	12	<u>1,103,754</u>	<u>1,103,773</u>	<u>1,205,740</u>	<u>1,205,759</u>
			<u>1,103,773</u>		<u>1,205,759</u>

In view of the Rules of the Association all shareholdings relate to non-equity interests.

These financial statements were approved for issue by the Committee of Management and signed on its behalf by:

J. THORINGTON-HASSELL
Chair

A. CARTWRIGHT
Secretary

A.D.C. GREENWOOD
Honorary Treasurer

Date of approval:

The notes on pages 7 to 12 form part of these financial statements.

1 ACCOUNTING POLICIES

a) Introduction and accounting basis

The financial statements have been prepared in accordance with applicable Accounting Standards and statements of recommended practice. The accounts comply with the Housing and Regeneration Act 2008, the Accounting Direction for Social Housing in England from April 2012 and the Statement of Recommended Practice "Accounting by Registered Social Housing Providers 2010". The accounts are prepared on the historical cost basis of accounting.

b) Turnover

Turnover represents rental income and service charges net of voids, fees and grants from local authorities and The Homes and Communities Agency.

c) Fixed assets

i) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation.

ii) Depreciation

Depreciation is charged on a straight line basis over the expected useful economic lives of the fixed assets at the following annual rates:

Furniture and equipment	25% per annum
Housing properties – freehold	Over useful economic life
– leasehold	Over useful economic life

Land is not depreciated.

ii) Capitalisation of works on housing properties

Works on housing properties which tend to increase the utility or useful economic life of the assets are capitalised. Initial works on new housing properties acquired to make them habitable are also capitalised.

iii) Sale of housing properties

When a housing property is sold its cost and depreciation to the date of sale are excluded from fixed assets. Any profit or loss on such sale is taken to the income and expenditure account.

iv) Shared ownership housing properties

Are included in the fixed assets at the percentage of the Association's share in the ownership. Any payment for increase in percentage of share is treated as addition. Any payments received for decrease in shares is treated similar to sale of housing property.

v) Impairment

Houses, which are depreciated over a period in excess of 50 years, are subject to impairment reviews annually, in accordance with FRS15 and the 2010 SORP. Where there is evidence of impairment, fixed assets are written down to recoverable amount. Any such write downs are charged to operating surplus.

d) VAT

Expenditure includes any VAT which cannot be fully recovered, and is reported as part of the expenditure to which it relates.

e) Housing loans

Finance charges on housing loans are recognised in the income and expenditure account as they accrue.

f) Operating leases

Amounts payable under operating leases are recognised in the income and expenditure account as they fall due.

VICTORIA PARK HOMES (1965) LIMITED

NOTES ON THE FINANCIAL STATEMENTS (continued)
For the Year Ended 31 December 2013

2 INCOME AND EXPENDITURE FROM LETTINGS

	2013 £	2012 £
Turnover from lettings		
Gross rents	70,762	69,511
Less: voids	<u>-</u>	<u>-</u>
Rents net of voids	70,762	69,511
Guest room	925	-
Other income	-	-
Service charges	<u>743</u>	<u>569</u>
Total turnover from lettings	<u>72,430</u>	<u>70,080</u>
 Expenditure on lettings		
Direct costs including major works	40,895	10,315
Administrative costs	31,042	33,354
Depreciation	<u>17,995</u>	<u>17,995</u>
Total expenditure on lettings	<u>89,932</u>	<u>61,664</u>
 Operating (deficit)/surplus on lettings (note 5)	<u>(17,502)</u>	<u>8,416</u>

3 SURPLUS ON SALE OF PROPERTIES

	2013 £	2012 £
Sale of freehold	-	21,600
 Staircasing of shared ownership housing properties		
Sales proceeds	-	130,000
Cost of property	-	(126,574)
Depreciation added back	-	7,594
Legal and other fees	<u>-</u>	<u>(630)</u>
	<u>-</u>	<u>10,390</u>
	<u>-</u>	<u>31,990</u>

4 INTEREST RECEIVABLE

	2013 £	2012 £
Interest on secured loan	166	198
Bank interest	<u>831</u>	<u>836</u>
	<u>997</u>	<u>1,034</u>

VICTORIA PARK HOMES (1965) LIMITED

NOTES ON THE FINANCIAL STATEMENTS (continued)
For the Year Ended 31 December 2013

5 SURPLUS/(DEFICIT) ON ORDINARY ACTIVITIES

Is stated after charging:	2013	2012
	£	£
Auditors' remuneration (including VAT and expenses)		
- In their capacity as auditors – Current year	3,150	3,150
– Previous year (under provision)	60	120
Depreciation	17,995	17,995
Operating lease rentals (land and buildings)	13,950	14,120
Landlord's lighting	195	180

6 TAX ON SURPLUS ON ORDINARY ACTIVITIES

The Association has charitable status and no liability to corporation tax arises on its charitable activities.

7 TANGIBLE ASSETS

	Shared ownership Housing properties	Held for letting Housing properties £	Total £
Cost			
At 1 January 2013	862,152	545,105	1,407,257
Additions	-	-	-
Disposals	-	-	-
At 31 December 2013	<u>862,152</u>	<u>545,105</u>	<u>1,407,257</u>
Depreciation			
At 1 January 2013	69,450	46,885	116,335
Elimination on disposals	-	-	-
Charge for the year	<u>11,861</u>	<u>6,134</u>	<u>17,995</u>
At 31 December 2013	<u>81,311</u>	<u>53,019</u>	<u>134,330</u>
Net book value			
At 31 December 2013	<u>780,841</u>	<u>492,086</u>	<u>1,272,927</u>
At 31 December 2012	<u>792,702</u>	<u>498,220</u>	<u>1,290,922</u>

Housing properties consist of long leasehold properties of £187,985 (2012: £191,566) and freehold properties of £1,084,942 (2012: £1,099,356). Depreciation was charged for the year on long leasehold properties of £3,581 (2012: £3,581) and freehold properties of £14,414 (2012:£14,414).

VICTORIA PARK HOMES (1965) LIMITED

NOTES ON THE FINANCIAL STATEMENTS (continued)

For the Year Ended 31 December 2013

8 DEBTORS

	2013	2012
	£	£
Due in less than 1 year:		
Arrears of rent and service charges	6,275	4,445
Secured loan *	4,400	4,800
Arrears of management charges	10,101	8,468
Unpaid share capital	1	1
Other	-	-
Prepayments	<u>1,151</u>	<u>1,243</u>
	21,927	18,957
Due after more than 1 year:		
Secured loan *	<u>3,575</u>	<u>3,809</u>
	<u>25,502</u>	<u>22,766</u>

*The loan to Mr and Mrs Turner is secured by way of charge over their residential property at 41 Glyn Road, London, E5 0JB.

9 CREDITORS

Amounts falling due within one year:	2013	2012
	£	£
Rent received in advance	793	738
Accruals and other creditors	3,710	10,278
Housing loans (note 10)	-	-
	<u>4,503</u>	<u>11,016</u>

10 CREDITORS

Amounts falling due after more than one year:	2013	2012
Housing loans repayable by instalments:	£	£
Between one and two years	-	-
Between two and five years	520,320	434,839
In five or more years	-	-
	<u>520,320</u>	<u>434,839</u>

The above loans were taken to assist in the purchase of housing property situated at 63 Median Road, London, E5 0PJ and are interest free and unsecured. However the loan creditors participate in any profit or loss on sale on a pro rate basis, therefore the finance cost to the Association is based on the value of the property at each year end. The property was purchased to provide accommodation for workers employed on a project being carried out in the area by Clapton Park United Reform Church and it is the intention to sell the property on the conclusion of the project. The initial loans were to be repaid by 1st July 2012 or on the occasion of either of the two events specified below, if earlier

- i) Sale of the property.
- ii) The property ceasing to be used for providing a secure base for workers nominated by the Clapton Park United Reformed Church, Powerscroft Road, London, E5 0PU.

VICTORIA PARK HOMES (1965) LIMITED

NOTES ON THE FINANCIAL STATEMENTS (continued)

31 December 2013

10. CREDITORS (continued)

As at 1st July 2012, the value of the loans including accrued finance costs amounted to £495,986, which was repaid to the initial funders. New loans of £434,839 were received in 2012 from a combination of initial and new funders on the same basis as the original loans, to be repaid by 1st July 2017 at the latest. As at the year end the committee estimated that there has been further increase in the value of the property as at 31 December 2013 from £585,000 to £700,000 due to which the value of the loans to be repaid has been increased to £520,320 and a further finance charge has been accrued in these financial statements.

11 SHARE CAPITAL

	2013	2012
	£	£
Allotted, called up and paid up:		
At 1 January	19	19
Additions	-	-
Cancellation of shares	<u>-</u>	<u>-</u>
At 31 December	<u>19</u>	<u>19</u>

The share capital of the Association consists of shares with a nominal value of £1 each which carry no rights to dividends or other income. Shares in issue are not capable of being repaid or transferred, other than those held by nominees of unincorporated bodies. Where a shareholder ceases to be a member, that person's share is cancelled and the amount paid up thereon becomes the property of the Association. Therefore all shareholdings relate to non-equity interests; there are no equity interests in the Association.

12 SHAREHOLDERS' FUNDS

	Share capital	Revenue reserve	Total Funds
	£	£	£
At 1 January 2013	19	1,205,740	1,205,759
Movement in the year	<u>-</u>	<u>(101,986)</u>	<u>(101,986)</u>
At 31 December 2013	<u>19</u>	<u>1,103,754</u>	<u>1,103,773</u>

13 RELATED PARTY TRANSACTIONS

- i) Fees of £6,846 (2012: £7,098) were paid to Anne Cartwright, the secretary of the Association, during the year.
- ii) Loans received to assist in the purchase of the housing property situated at 63 Median Road, London E5 0PJ, under the terms specified in note 10 were received from related parties as follows:

	Finance charge received in year	Loan at 31 December 2013	Finance charge received in year	Loan at 31 December 2012
	£	£	£	£
A Cartwright and J Tasker (secretary and partner)	4500	27391	4891	22891
C Lawrence (Committee member)	-	-	5000	-
A & J Lawrence (brother and sister-in-law of C Lawrence)	2500	15218	2718	12718
P Lawrence (father of C Lawrence)	-	-	2718	-

- iii) Angela Reith, a member of the Committee is the resident and leaseholder of 47B Mayton Street, London. Victoria Park Homes (1965) Ltd was sold the freehold of the said property during 2012 (see note 3). Both the lease and the sale of the freehold were on normal commercial terms, and Ms Reith cannot use her position as Committee member to her advantage.

VICTORIA PARK HOMES (1965) LIMITED

NOTES ON THE FINANCIAL STATEMENTS (continued)
31 December 2013

14 DIRECTORS' EMOLUMENTS

The directors are defined as the members of the Committee of Management.

None of the directors received any emoluments (2012: Nil).

15 OPERATING LEASE COMMITMENTS

Land and buildings:	2013	2012
Amounts due within one year:	£	£
Leases expiring within one year	—	<u>2,400</u>
Leases expiring within two to five years	<u>14,400</u>	<u>14,120</u>

16 NUMBER OF HOMES IN MANAGEMENT AND IN DEVELOPMENT

	2013	2012
	£	£
In management:		
Rented	2	4
Long lease	3	2
Shared ownership	<u>7</u>	<u>10</u>
	<u>12</u>	<u>16</u>
In development:		
Rented	<u>nil</u>	<u>nil</u>

17 EMPLOYEES

There were no employees in the year (2012: none)