

Company's registered number: 148636
Registered Charity number: 207939
Homes and Communities Agency number: A3418

SIR OSWALD STOLL FOUNDATION

**Financial statements
for the year ended**

31 March 2014

SIR OSWALD STOLL FOUNDATION

YEAR ENDED 31 March 2014

TRUSTEES AND ADVISERS

President	General the Lord Walker of Aldringham GCB CMG CBE DL
Trustees	Air Commodore Andy Fryer BA (Hons) RAF (Chair) (from 14/11/13) Colonel Simon Chapman TD MB FFPM CDir (until 14/11/13) Patrick Aylmer FCA Colonel John Burgess Shaun Cooper FCMA Rollo Duckworth MSI Diana Halliwell Dip COT MIHSM Gordon Hamilton MA FCA Diana Hodson BA (Hons) CIH Commander Clare Hughes RNR (Ret) John Tomalin Jane Worsley BA (Econ) MCIH Gp Capt Karen Asbee
Registered office	446 Fulham Road London SW6 1DT
Bankers	National Westminster Bank Fulham Broadway London SW6 1AG
Auditor	Nexia Smith & Williamson Statutory Auditor Chartered Accountants 25 Moorgate London EC2R 6AY
Solicitors	Devonshires Solicitors 30 Finsbury Circus London EC2M 7DT
Company's registered number	148636
Registered charity number	207939
Homes and Communities Agency number	A3418

SIR OSWALD STOLL FOUNDATION

YEAR ENDED 31 March 2014

TRUSTEES' REPORT

The Board of Trustees has pleasure in presenting its report and the financial statements of the Sir Oswald Stoll Foundation (Stoll or the Foundation) for the year ended 31 March 2014.

Public Benefit disclosures

During the year ended 31 March 2014, the Company continued to undertake activities necessary to meet its objectives, which relate to the provision and management of housing and support for the benefit of vulnerable and disabled former members of Her Majesty's Armed Forces, or their dependents.

The Trustees have complied with their duty to have regard to the Charity Commission's guidance on the provision of public benefit.

Objectives and Principal Activities

The Foundation is a charitable company and registered provider of social housing established to provide housing and support primarily to vulnerable and disabled ex-Servicemen and women. Its principal activity therefore is the provision and management of housing and the accompanying support services to enable tenants and other Veterans in the wider community to live independently. The governing instrument is the Memorandum and Articles of Association (last reviewed 16th September 2010).

The Foundation's housing comprises an estate of 157 homes and communal facilities in Fulham, a small development of 4 specially adapted houses nearby, a supported housing scheme of 6 units at Ducane Road in North Hammersmith, 20 homes at Banstead Court (formerly Westway Beacons) and 36 homes managed on behalf of its subsidiary charity the Chiswick War Memorial Homes for whom the Sir Oswald Stoll Foundation acts as sole Trustee. These support services enable the Foundation to successfully sustain tenants with increasingly complex problems living independently in the communities we support. This service has been enhanced by the positive working relations that the team has built with locally provided health and social services and was awarded five 'A' grades in its statutory audit during the year, the highest possible score achievable.

In March 2013 we started construction of 36 new homes in Hounslow, west London. The scheme provides 29 units of single accommodation, four family units and three bespoke disability units. The total construction costs will be £7.61 million and will open in July 2014.

The Foundation also operates a number of community services. These include an outreach support service for vulnerable and disabled ex-Service personnel, offering the same support service that is offered to residents, but to Veterans living in the community. Stoll also hosts a monthly drop-in for Veterans and Veterans organisations from across London to come together and network and offer a wide variety of support services to an average of 30 Veterans at each session. The Foundation offers a broad range of health and wellbeing activities, providing training, confidence-building and opportunities to grow social networks to 240 different Veterans and their dependents during the year, with over 8,000 attendances to 60 different activities. Our Veterans' Nomination Scheme goes from strength to strength, offering accommodation in mainstream Housing Associations for Veterans ready to live independently in the community. By the end of the year we had over 150 tenancies available to the Scheme.

SIR OSWALD STOLL FOUNDATION

YEAR ENDED 31 March 2014

TRUSTEES' REPORT (CONTINUED)

2013/14 saw the continued successful delivery of our three-year strategy (2012-2015) which gave rise to five strategic objectives:

- 1.) Refine Stoll's offer and grow our housing and support services
- 2.) Develop more stable funding which enables us to meet strategic objectives
- 3.) Deliver excellent services that promote independence amongst tenants
- 4.) Increase recognition of Stoll amongst key stakeholder groups
- 5.) Deliver excellent corporate functions

Over the year the Foundation has pursued its objectives through a Business Plan, and as a result it has achieved its principal objectives, whilst retaining adequate resources to ensure that it continues to achieve and maintain its high standards in the future. Trustees review this Plan each year to ensure the agreed strategies continue to meet objectives, amend these where appropriate, and add new strategies to meet the changing needs of the Foundation's client group. The plan itself is reviewed by staff, by the Senior Management Team, by individual Trustee Committees and by the full Trustee Board on a quarterly basis.

Highlights of the year's performance included:

- Ongoing development of 36 new homes in a £7.6 million development based in Hounslow, west London, on time and on budget.
- Employment of a new, full-time Project Manager for the Veterans' Nomination Scheme allowing us to role out the Scheme on a national basis.
- Started working up plans for a 35-unit scheme in Aldershot and a 17-unit scheme in Colchester. This is a clear strategic move outside of London.
- Increase our working relationships with Ministry of Defence services such as the Joint Services Housing Advice Office, the Army Welfare Service and the Personnel Recovery Unit.
- Started to work much more closely with Help for Heroes to support Wounded, Injured and Sick personnel.
- Launched our Forces Sauces food products nationwide in over 800 Tesco stores and 180 Waitrose stores.
- Recruited a Senior Housing Officer to bolster our service to residents.
- Recruited an Executive Officer to support the administration of the organisation.
- Appointed consultants for the development of our Centenary Appeal starting in 2016.
- Launch a service addressing drug and alcohol dependency through embedding a worker from another specialist addictions agency.
- Agreed a new void standard offering a redecoration of every property before new tenants move in.
- Launch a £189,000 research project to carry out the most definitive study into Veterans housing every carried out. The first stage will be complete in September 2014 and the second phase in 2016.
- Launched new volunteering policies and procedures.
- Implemented a new Health and Safety management system.
- Launched new remuneration policies and procedures.

The Board are also delighted to report that since the year end the Foundation has been successful in bidding for capital funds from the Veterans Accommodation Fund, a capital fund providing grants for accommodation schemes to support the Veterans community made possible by Her Majesty's Treasury from the LIBOR fines imposed on banks.

SIR OSWALD STOLL FOUNDATION

YEAR ENDED 31 March 2014

TRUSTEES' REPORT (CONTINUED)

In total the Foundation will receive £6,749,000 from the Veterans Accommodation Fund during the financial year 2014/15. This is £4,500,000 for a new-build scheme in Aldershot, £2,000,000 for a new build scheme in Colchester and £249,000 to refurbish bathrooms for our disabled residents in our current properties.

Reserves Policy

The Board has agreed that cash reserves should be equal to at least three months operating costs. The Board has agreed that these reserves should continue to be built up over the next few years towards six months reserves. The Board will review the Reserves Policy annually.

Investment Policy

The Foundation's Investment Policy is reviewed annually by the Board, as is the performance of any investment advisers.

Employees

It is the policy of the Foundation to give fair consideration to the employment needs of people with disabilities and to comply with current legislation and good practice in this respect. The Foundation's offices are accessible to wheelchair users, as are all the buildings on its estate.

The Foundation operates a policy of positive promotion of employment opportunities for job applicants and existing staff. It is also policy to advertise all vacancies through multiple channels that target Veterans.

Review of the Foundation's Finances

Trustees and staff have continued to review the Foundation's financial strengths and weaknesses and implement changes to improve the management of the Foundation's existing and future finances. The results of this review are fed in to the business planning process and in February 2014 a revised Business Plan was agreed.

Code of Governance

Trustees have reviewed the National Housing Federation's (NHF) Code of Governance (revised 2009) and concluded that the Foundation complied with this in all respects. However, Trustees committed to adopting the new model rules produced by the NHF for charitable housing companies and with the advice of its Solicitors and the approval of the then Tenant Services Authority, these rules were adopted by the Foundation in September 2011. Following this, Trustees also brought in line its Governance Procedures with the new rules.

SIR OSWALD STOLL FOUNDATION

YEAR ENDED 31 March 2014

TRUSTEES' REPORT (CONTINUED)

Internal Controls

The Board acknowledge their ultimate responsibility for ensuring that the Foundation has in place a system that is appropriate to the various business environments in which it operates and for reviewing its effectiveness. These controls are designed to give reasonable assurance with respect to:

- the reliability of financial information used within the Foundation or for publication;
- the maintenance of proper accounting records which disclose with reasonable accuracy at any time the financial position of the Foundation; and
- the safeguarding of assets against unauthorised use or disposition.

It is the Board's responsibility to establish and maintain systems of internal control. Such systems can only provide reasonable and not absolute assurance against material financial misstatement or loss. Key elements include ensuring that:

- Formal policies and procedures are in place, including the documentation of key systems and rules relating to the delegation of authorities, which allow the monitoring of controls and restrict the unauthorised use of the Foundation's assets;
- Experienced and suitably qualified staff takes responsibility for important business functions. Annual appraisal procedures have been established to maintain standards of performance;
- Forecasts and budgets are prepared which allow the Board and management to monitor the key business risks and financial objectives, and progress towards financial plans set for the year and the medium term; regular management financial statements are prepared promptly, providing relevant, reliable and up-to-date financial and other information and significant variances from budgets are investigated as appropriate;
- All significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the committees of the Board with final authorisation by the Board itself;
- The Board reviews reports from management, from the internal audit process and from the External Auditor to provide reasonable assurance that control procedures are in place and are being followed. This includes a general review of the major risks facing the Foundation. The Board has established a 3-year internal, rolling audit plan and the Internal Auditor reports regularly to the Board in accordance with the requirements of this plan. Formal procedures have been established for instituting appropriate action to correct weaknesses identified from the above reports.
- A comprehensive process of annual business planning for the organisation and each department cascading performance reporting from an organisational level reviewed by the Trustees, Trustee Committees and the Senior Management Team, to departmental and individual levels for review by supervision and appraisal.

The Trustees have reviewed the effectiveness of the system of internal control in existence in the Foundation for the year ended 31 March 2014. The Trustees concluded that no weaknesses were found in internal controls that resulted in material losses, contingencies, or uncertainties that require disclosure in the financial statements or in the Auditor's report on the financial statements.

SIR OSWALD STOLL FOUNDATION

YEAR ENDED 31 March 2014

TRUSTEES' REPORT (CONTINUED)

Trustees

The Trustees during the year, who are all members of the company, were: -

Air Commodore Andy Fryer BA (Hons) RAF (Chairman – from 14 November 2013)
Colonel Simon Chapman TD MB FFPM CDir (previous Chairman – resigned 14 November 2013)
Patrick Aylmer FCA
Colonel John Burgess
Shaun Cooper FCMA
Rollo Duckworth MSI
Diana Halliwell Dip COT MIHSM
Gordon Hamilton MA FCA
Diana Hodson BA (Hons) CIH
Commander Clare Hughes RNR (Ret)
John Tomalin
Brigadier Christopher Wolverson OBE DL – resigned 14th November 2013
Jane Worsley BA (Econ) MCIH
Gp Capt Karen Asbee

The Foundation has established a policy and procedure for the recruitment and appointment of Trustees, which sets out a process that firstly identifies the skills, experience and expertise required on the Board and allows an assessment of what gaps need to be covered whenever a vacancy occurs. Potential candidates are then identified using the criteria established from this process. An appointment is made only after the potential Trustee visits the Foundation. They are then interviewed by the Chair and a recommendation made to the Board. In most cases potential Trustees are requested to first serve on a committee to the Board before being elected as a Trustee.

SIR OSWALD STOLL FOUNDATION

YEAR ENDED 31 March 2014

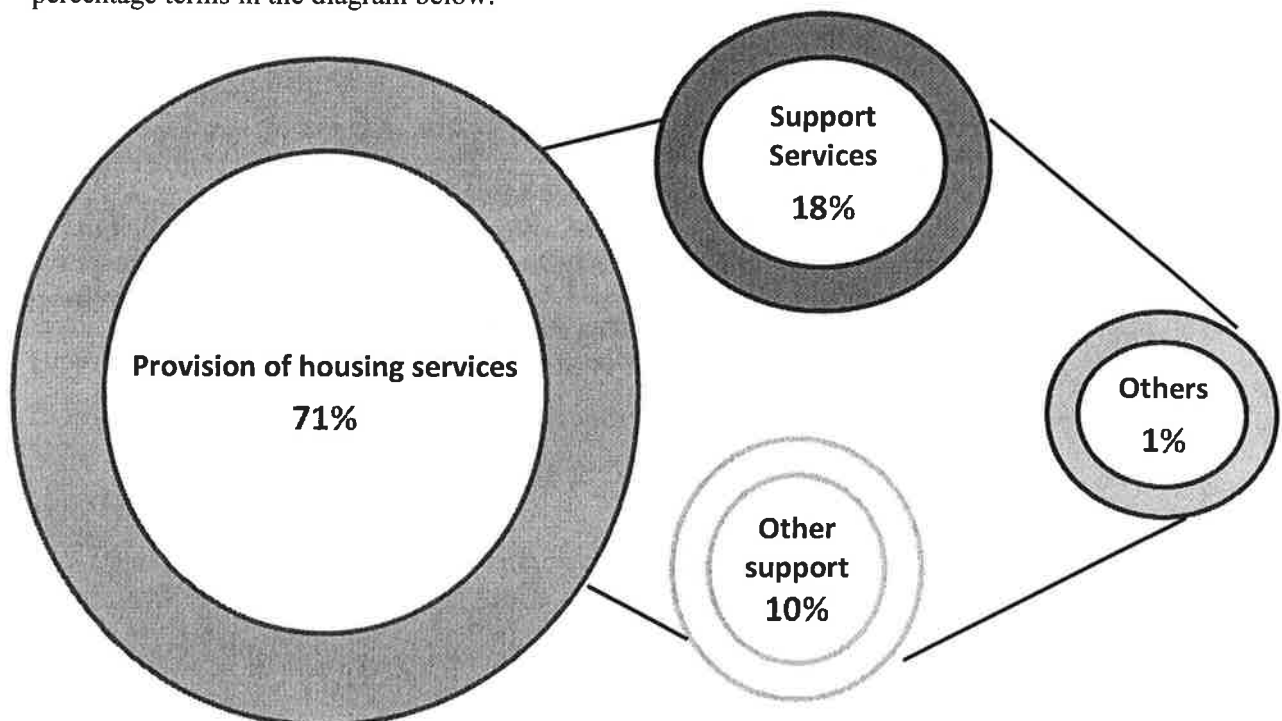
TRUSTEES' REPORT (CONTINUED)

VALUE FOR MONEY

The Foundation aims to deliver value for money to maximise its social impact by ensuring that it provides its customers with high quality homes and services. In line with its charitable aims, all fundraised resources go directly to services for our tenants and the limited surpluses we make are reinvested into projects and services that benefit our communities.

Financial return on assets

In the year 2013/14, the surplus was £45,375 on a gross asset base of £26,974,806, representing a 0.2% return on gross assets. The Foundation maintains a rent policy which is designed to maximize the opportunity for tenants to work, which means we do not try and maximize the surplus from our rents. Furthermore, the Foundation makes considerable efforts to fundraise in order to subsidise its work further and ensure that the positive impact on the lives of our beneficiaries goes well beyond the simple provision of housing. The Foundation spent £2,372,345 on its services last year, as shown in percentage terms in the diagram below:



It can be seen that the vast majority of the organisation's resources were invested during the year in providing effective, customer focused services, mostly through the provision of housing.

Absolute and relative cost of providing services

The Foundation has started to undertake benchmarking as part of its membership of the g320 group and this will give a measure as to the level of our management costs per dwelling.

We also invest considerable time in understanding our net impact as an organization.

SIR OSWALD STOLL FOUNDATION

YEAR ENDED 31 March 2014

TRUSTEES' REPORT (CONTINUED)

For every individual we support, both in our properties and through our outreach services, we review their case quarterly to ensure that their life situation has progressed. This ensures that we do not simply continue our day-to-day activity, but also keep focused on the net impact of our work.

We also review our work with vulnerable ex-Servicemen and women against 17 outputs each year, in areas such as found work, improved health, reduced debt etc. again, this is with a focus on the net impact on our work relative to the investment.

In total 94% of our tenants either maintained their independence or became more independent. We believe this represents excellent value for money relative to the investment made.

Stoll supports 227 tenants and a further 94 individuals through the outreach service, at a cost of £7,390 per beneficiary. Compared to the projected cost the state would have to pay through housing, healthcare, benefits and criminal justice costs (amongst others, Stoll predicts this a net saving of in excess of £23,000 per individual – and possibly more).

Value for money – evidence of gains

Team meetings

Monthly Senior Management Meetings and quarterly Chief Executive staff briefings and regular team meetings drive home the importance of value for money in getting the very best out of our limited resources, and helping as many customers as we can. The annual Board Away Day assesses where the organisation is going, with constant reference to value for money.

Resident involvement

We support a long-standing Residents Panel, where a group of tenants and leaseholders guide us on all aspects of our service. There is a current process ongoing with the Panel to review our expenditure, our service charges and also looking at the affordability of living within the Foundation for residents looking to get back into work.

Development

We have focused our energies on maximising the number of housing units that we can supply to our tenants. We continue to use our assets to the full potential so we can develop more homes. In the last year we have been building 36 new properties and will continue to pursue new development opportunities.

Service charge reviews

Prior to the tenant review, the Foundation staff carried out a Service Charge costs analysis for each of our sites to strengthen the annual budgeting process. We are conscious that with rents increasing, service charge increases need to be kept to a minimum. We are exploring ways to decrease the service charge ongoing.

Financial performance

We are developing our fundraising activity as we look towards our 100th Anniversary. This will ensure we provide even more services to our residents, maximizing the benefit to the beneficiaries at no extra cost. We have also started a process of contractor review to ensure that our outsourcing arrangements represent value for money, as well as reviewing our financial procedures to ensure we follow good practice in all our procurement. For certain areas of procurement (including solicitors and architects), we have developed an 'Approved Contractors List' to ensure we only work with providers with an agreed pricing and established levels of quality.

SIR OSWALD STOLL FOUNDATION

YEAR ENDED 31 March 2014

TRUSTEES' REPORT (CONTINUED)

The finance department also works towards a Key Performance Indicator around savings against the expenditure budget which is reviewed by the management team and Trustees quarterly.

For Development we are also members of the Connected Partnership who have approved contractors for all the major consultants that the Foundation are likely to appoint during a development and these contractors agree prices which are fixed for a three-year period.

Rents

The majority of our stock is rented at social rent levels. We are committed to using the Target Rent + 10% formula available to supported housing providers for all our properties. Our Rent Policy retains our commitment to maintain a social rent. We have also reviewed the income we receive from our commercial property tenants to maximize income for our commercial activity.

Use of technology

Our IT hardware had become dated, so the decision was taken to replace our servers and make use of cloud technology for our backups. The new system has given us a far more reliable base from which to provide our services. Communication by email has been encouraged to save on postage costs, for example remittance advices are now emailed to suppliers, rather than being sent in the post. We are also using Skype to communicate between sites regularly.

Utility costs

The Foundation has considered rising utility costs for tenants. Our communal boilers at Sir Oswald Stoll Mansions will be replaced this year by eco-friendly equipment with very low levels of energy usage. In our new development we have installed a new Combined Heat and Power system which is so efficient that we will be selling energy back to the grid. Gas, electricity and phone contracts are always re-assessed at the end of each contract period and contracts moved where a more economical tariff where possible.

Value for money – future gains

Value for money is an ongoing process across the whole of the organisation; however in the coming year particular emphasis is going to be placed on:

Increasing fundraised income to subsidise our services to tenants

Reviewing Service charges to minimise the financial burden on self-paying tenants

Continuing the rolling process of contractor review; landscaping and legal services are the next to be reviewed.

Benchmarking

We are an active member of g320 where value for money is one of the three work streams for the consortium and we have started the process of benchmarking key financial indicators between members. We have also commissioned external consultants to release a report on what constitutes value for money in social housing and this will be released in September 2014. Stoll also has a three-year rolling internal audit programme, addressing all the key risks in running the association. Value for money will be reviewed again in 2015/16.

Stoll is also in the process of developing a programme of benchmarking its housing and support services against other similar-sized Housing Associations in London. We will also be carrying out an annual return on assets review.

SIR OSWALD STOLL FOUNDATION

YEAR ENDED 31 March 2014

TRUSTEES' REPORT (CONTINUED)

Disclosure of information to the auditors

In the case of each person who was a trustee at the time this report was approved:

- so far as that trustee was aware there was no relevant available information of which the Foundation's auditors were unaware; and
- that trustee had taken all steps that the trustee ought to have taken as a trustee to make himself or herself aware of any relevant audit information and to establish that the Foundation's auditors were aware of that information.

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

Auditors

During the year Nexia Smith & Williamson acted as External Auditor to the Foundation and a resolution to re-appoint them will be put to the Annual General Meeting.

Approved by the Board on 4/9/2014

Signed on behalf of the Board by:



Air Commodore Andy Fryer BA (Hons) RAF
CHAIR

Registered office:
446 Fulham Road
London SW6 1DT

SIR OSWALD STOLL FOUNDATION

YEAR ENDED 31 March 2014

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees 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 Trustees 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 Foundation and of the profit or loss of the Foundation for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Foundation will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Foundation's transactions and disclose with reasonable accuracy at any time the financial position of the Foundation and enable them to ensure that the financial statements comply with the Companies Act 2006, the Housing and Regeneration Act 2008 and The Accounting Direction for Private Registered Providers of Social Housing 2012. They are also responsible for safeguarding the assets of the Foundation and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Nexia Smith & Williamson

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF SIR OSWALD STOLL FOUNDATION

We have audited the financial statements of Sir Oswald Stoll Foundation for the year ended 31 March 2014 which comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 25. 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 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 trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees (who are also the directors of the charitable company for the purposes of company law) 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 Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

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 2014 and of their income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011; and
- have been properly prepared in accordance with the Housing and Regeneration Act 2008 and The Accounting Direction for Private Registered Providers of Social Housing 2012.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Nexia Smith & Williamson

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF SIR OSWALD STOLL FOUNDATION (continued)

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, the Charities Act 2011 and The Accounting Direction for Private Registered Providers of Social Housing 2012 require us to report to you if, in our opinion:

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



Jonathan Pryor
Senior Statutory Auditor, for and on behalf of
Nexia Smith & Williamson
Statutory Auditor
Chartered Accountants

25 Moorgate
London
EC2R 6AY

Date: 8 September 2014

SIR OSWALD STOLL FOUNDATION

INCOME AND EXPENDITURE ACCOUNT for the year ended 31 March 2014

	Notes	2014	2013
		£	£
Turnover	2	2,475,261	2,615,898
Operating costs			
Social housing property management costs	2a / 2b	(1,678,148)	(1,594,895)
Cost of other social housing activities	2a	(661,702)	(549,717)
Cost of other activities	2a	(32,495)	(48,065)
Operating surplus	8	102,916	423,221
Interest receivable and similar income	6	14,259	26,739
Interest payable and similar charges	7	(71,800)	(110,429)
Surplus for the year	16	45,375	339,531

All of the company's operations are classed as continuing.

There were no recognised gains or losses other than those reported above.

SIR OSWALD STOLL FOUNDATION

BALANCE SHEET as at 31 March 2014

	Notes	2014	2013
		£	£
Fixed assets			
Tangible fixed assets – Housing Properties less depreciation	9	26,974,806	23,247,841
Social Housing Grant and other grant	9	(18,555,753)	(17,479,047)
		<u>8,419,053</u>	<u>5,768,794</u>
Other tangible fixed assets	10	294,175	251,550
Investments	11	<u>34,160</u>	<u>34,160</u>
		<u>8,747,388</u>	<u>6,054,504</u>
Current assets			
Debtors	12	98,926	60,862
Cash at bank and in hand			
- held for development		200,000	1,210,774
- other		791,371	1,105,857
		<u>1,090,297</u>	<u>2,377,493</u>
Creditors: amounts falling due within one year	13	(1,065,528)	(721,724)
		<u></u>	<u></u>
Net current assets		24,769	1,655,769
		<u></u>	<u></u>
Total assets less current liabilities		<u>8,772,157</u>	<u>7,710,273</u>
Creditors: falling due after more than one year	14	4,027,723	3,011,214
Reserves			
Unrestricted reserves	16		
- invested in housing properties		4,177,679	2,646,040
- development reserve		200,000	1,210,774
- un-designated		245,618	825,044
Restricted reserves	25	<u>103,936</u>	<u>-</u>
		<u>4,727,233</u>	<u>4,681,858</u>
Investment revaluation reserve	17	14,160	14,160
Endowment reserve	18	3,041	3,041
		<u></u>	<u></u>
		<u>8,772,157</u>	<u>7,710,273</u>

The accounts were approved and authorised for issue by the Board of Trustees on ...4/9/2014 and were signed on its behalf by:

..... Air Commodore Andy Fryer BA (Hons) RAF
Trustee

SIR OSWALD STOLL FOUNDATION

CASH FLOW STATEMENT for the year ended 31 MARCH 2014

	Note	2014	2014	2013	2013
		£	£	£	£
Net cash inflow from operating activities	1		446,246		915,689
Returns on investments and servicing of finance:					
Interest received		14,259		26,739	
Interest paid		(71,800)		(110,429)	
Net cash outflow from returns on investments and servicing of finance			(57,541)		(83,690)
Capital expenditure and financial investment:					
Proceeds on disposal of assets		-		(49,251)	
Property development		(3,820,829)		(2,323,636)	
Net cash outflow from capital expenditure and financial investment			(3,820,829)		(2,274,385)
Financing:					
Housing loans repaid		(157,342)		(122,123)	
New housing loans		1,187,500		-	
Grant received		1,076,706		1,230,598	
Net cash inflow from financing			2,106,864		1,108,475
Decrease in cash	2		(1,325,260)		(333,911)

SIR OSWALD STOLL FOUNDATION

NOTES TO THE CASH FLOW STATEMENT for the year ended 31 MARCH 2014

1	Reconciliation of operating surplus to net cash inflow from operating activities	2014	2013	
		£	£	
	Operating surplus	102,916	423,221	
	Increase in debtors	(38,064)	(6,634)	
	Increase in creditors	220,891	341,431	
	Depreciation	160,503	157,671	
	Net cash inflow from operating activities	446,246	915,689	
2	Analysis of changes in net cash during the year	2014	2013	
		£	£	
	Balance at 1 April 2013	2,316,631	2,650,542	
	Net cash outflow	(1,325,260)	(333,911)	
	Balance at 31 March 2014	991,371	2,316,631	
3	Analysis of changes in net debt	At 1 April 2013 £	Cashflows £	
			At 31 March 2014 £	
	Cash at bank	2,316,631	(1,325,260)	991,371
	Debt due within 1 year	(111,540)	(13,649)	(125,189)
	Debt due after 1 year	(3,011,214)	(1,016,509)	(4,027,723)
	Total net debt	(806,123)	(2,355,418)	(3,161,541)

SIR OSWALD STOLL FOUNDATION

NOTES TO THE ACCOUNTS for the year ended 31 March 2014

1 Accounting policies

The accounts have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). A summary of the more important accounting policies adopted are described below.

Basis of accounting

The accounts have been prepared under the historical cost convention. The financial statements comply with applicable accounting standards, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2012 and the Statement of Recommended Practice – Accounting by registered social housing providers – Update 2010” (“the 2010 SORP”).

Turnover

Turnover comprises rental and service charge income, revenue grants (including Aids and Adaptations grants), fees and donations.

Rental, service charge and fee income is recognised on a receivable basis.

Revenue grants and donations which are received to fund specific expenditure are matched with that expenditure and any such income received in advance is deferred.

Other revenue grants and donations are recognised when the Foundation becomes entitled to them, there is certainty over their receipt and they can be measured reliably.

Supporting People

Supporting People receipts from block subsidy contracts are treated as “Supporting People contract income” within turnover in the Income and Expenditure account and are recognised when receivable.

SIR OSWALD STOLL FOUNDATION

NOTES TO THE ACCOUNTS for the year ended 31 March 2014 (continued)

1 Accounting policies (continued)

Social Housing Grant and other grant

Where developments have been financed wholly or partly by Social Housing Grant or other grant the cost of those developments has been reduced by the amount of the grant received. This contravenes the Companies Act 2006, but is necessary to show a true and fair view. In the unlikely event of selling a housing property SHG is likely to become repayable.

SHG can be recycled under certain conditions, if a property is sold, or if another relevant event takes place. In these cases, the SHG can be used for projects approved by the Homes and Communities Agency.

Housing property

Housing properties are stated at cost less SHG less depreciation and less provision for any diminution in value.

For the purposes of the estimation of depreciation, the cost of housing properties is analysed into components and the cost of each component, less attributable SHG, is depreciated over its estimated useful economic life as follows:

Component	Life
Kitchen	20 years
Bathroom	25 years
Electrical heating	20 years
Electrical main	20 years
Hot water cylinders	20 years
Boilers	15 years
Lifts	25 years
Flat roof	25 years
Traditional roof	60 years
Structure	100 years

Land is not depreciated. SHG is attributed firstly to land and structure, with any excess being attributed to components.

Expenditure on components

Expenditure which relates to either the replacement of previously capitalised components or the enhancement of such components which results in an increase in the net income is capitalised. Any other expenditure incurred in respect of repairs is charged to the Income and Expenditure account.

Commercial property

Because this is an integral part of the estate, the cost of its construction is being depreciated over fifty years and SSAP 19 (investment properties) is not applied.

SIR OSWALD STOLL FOUNDATION

NOTES TO THE ACCOUNTS for the year ended 31 March 2014 (continued)

1 Accounting policies (continued)

Other fixed assets

These are stated at cost and are depreciated on the straight line basis as follows:

Freehold Office	50 years
Leasehold Buildings	50 years (or the term of the lease if shorter)
Equipment	4 years
Fixtures	4 years
Motor vehicles	4 years

Individual items of furniture or equipment are capitalised where the unit cost of the purchase exceeds £1,000.

Impairment

All properties are considered for impairment annually and detailed reviews of assets for impairment are carried out if there is an indication that impairment has occurred. Impairments that are the result of a major reduction in the service potential of a property are recognised in the Income and Expenditure account.

Investments

The investments held at the year end were re-valued in November 1999 by Christie's to the current value of £34,160. The valuation has not been updated following the introduction of Financial Reporting Standard 15 "Tangible Fixed Assets" as the transitional provisions of the standard have been applied.

Pension costs

The Foundation operates a defined benefit contributory pension scheme, which is administered independently by the Pensions Trust. The expected cost of providing pensions is calculated from actuarial advice. It is not possible to separately identify the underlying assets and liabilities belonging to the Foundation therefore for accounting purposes the pension is treated as a defined contribution scheme and costs are charged to the Income and Expenditure account as they are incurred.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Unrestricted general funds

These are funds which can be used in accordance with the Memorandum and Articles at the discretion of the Trustees.

Value added tax

Irrecoverable VAT which can be attributed to a capital item or expenditure is added to the costs of the capital item or expenditure.

Taxation

The Foundation is a charity within the meaning of the Charities Act 2011 and is exempt from taxation under the provisions of the Income and Corporation Taxes Act 1988.

SIR OSWALD STOLL FOUNDATION

NOTES TO THE ACCOUNTS for the year ended 31 March 2014 (continued)

2 a) Particulars of turnover, operating costs and operating (deficit)/surplus

	Turnover £	Operating costs £	2014 Operating (deficit)/ surplus £	2013 Operating (deficit)/ surplus £
Income and expenditure from lettings (note 2b)	1,722,839	(1,678,148)	44,691	88,846
Other social housing activities:				
Management fees	-	-	-	3,884
Supporting people	6,534	(436,297)	(429,763)	(67,770)
Activities funded by donations and grants	641,140	(225,405)	415,735	296,729
Non-social housing activities:				
Commercial property	101,472	(3,874)	97,598	85,824
Activities funded by donations and grants	3,276	(28,621)	(25,345)	15,708
Total	2,475,261	(2,372,345)	102,916	423,221

Other social housing activities:

Activities funded by donations and grants include:

Trusts & Grants	576,371
Corporates	18,582
Regimental Associations	17,232
Community Groups	320
Individuals & Events	28,635
	<u>614,140</u>

Non social housing activities -

Activities funded by donations and grants include:

Forces Saucers	3,276
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SIR OSWALD STOLL FOUNDATION

NOTES TO THE ACCOUNTS for the year ended 31 March 2014 (continued)

2 b) Particulars of income and expenditure from lettings

	2014	2013
	£	£
Turnover		
Rents receivable net of service charges and voids	1,213,133	1,155,095
Service income	429,001	480,936
Other income	80,705	47,710
Net rental income	1,722,839	1,683,741
Expenditure on letting activities		
Services	(182,779)	(171,698)
Management	(920,203)	(853,249)
Routine maintenance	(119,254)	(111,244)
Planned maintenance	(300,433)	(302,984)
Bad debt expense	(17,118)	(20,190)
Depreciation of housing properties	(138,361)	(135,530)
Total expenditure on lettings	(1,678,148)	(1,594,895)
Operating surplus on letting activities	44,691	88,846
Net rental income is stated after losses from voids of	14,809	13,425

The social housing activities predominantly relate to supported housing / housing for older people.

3 Analysis of accommodation

	2014	2013
	No.	No.
Units in management		
Supported housing / housing for older people	219	219
General needs	4	4
	223	223

SIR OSWALD STOLL FOUNDATION

NOTES TO THE ACCOUNTS for the year ended 31 March 2014 (continued)

4 Trustees' emoluments

Under Regulations made under Housing Law, the directors are defined as the Trustees of the Board and the Chief Executive. Excluding the Chief Executive and the Company Secretary, none of the Trustees received any emoluments (2013: £nil).

	2014 £	2013 £
Total expenses reimbursed	688	757
The total emoluments including pension and benefits in kind of the Chief Executive (2013: Chief Executive)	91,809	85,839
Emoluments excluding pension contribution	83,089	79,638

The chief executive was the only member of staff who earned over £60,000 during the year, including salaries and bonuses but excluding pension contributions. His salary fell within the band £80,000- £90,000.

5 Employee information

The average full-time equivalent number of persons, including directors, employed by the Foundation during the year was:

	2014 Number	2013 Number
Administration	8	7
Housing	6	7
Support	11	10
	25	24
Staff costs for the above persons were:		
Wages and salaries	801,600	701,728
Social security costs	71,604	64,912
Other pension costs	75,911	47,601
	949,115	814,241

SIR OSWALD STOLL FOUNDATION

NOTES TO THE ACCOUNTS for the year ended 31 March 2014 (continued)

6	Interest receivable	2014	2013
		£	£
	Bank interest	14,259	26,739
		<hr/>	<hr/>
7	Interest payable and similar charges	2014	2013
		£	£
	Bank loans	111,432	122,679
	Less: amounts capitalised	(39,632)	(12,250)
		<hr/>	<hr/>
		71,800	110,429
		<hr/>	<hr/>
8	Operating surplus is stated after charging:	2014	2013
		£	£
	Depreciation		
	- housing properties	138,361	135,530
	- other assets	22,142	22,141
	Auditor's remuneration (excluding VAT)		
	- in respect of the audit	12,100	12,140
	- other services	375	1,387
	Operating lease rentals		
	- plant and machinery	8,041	9,960
	- land and buildings	17,069	17,069
		<hr/>	<hr/>

SIR OSWALD STOLL FOUNDATION

NOTES TO THE ACCOUNTS for the year ended 31 March 2014 (continued)

9

Tangible fixed assets – Housing properties

	Completed £	Under construction £	Leasehold properties £	Total £
Cost				
1 April 2013	21,158,021	2,239,227	1,119,841	24,517,089
Additions –property development	-	3,865,326	-	3,865,326
31 March 2014	21,158,021	6,104,553	1,119,841	28,382,415
SHG and Other Grant				
1 April 2013	(16,229,047)	(1,250,000)	-	(17,479,047)
Received during the year	-	(1,076,706)	-	(1,076,706)
31 March 2014	(16,229,047)	(2,326,706)	-	(18,555,753)
Depreciation				
1 April 2013	(1,098,546)	-	(170,702)	(1,269,248)
Charge	(115,964)	-	(22,397)	(138,361)
31 March 2014	(1,214,510)	-	(193,099)	(1,407,609)
Net book value				
31 March 2014	3,714,464	3,777,847	926,742	8,419,053
31 March 2013	3,830,428	989,227	949,139	5,768,794

The total expenditure in the year on works to existing properties was £nil (2013: £473,636).

Interest of £39,632 (2013: £12,250) and overhead costs of £nil (2013: £nil) were capitalised in the year.

SIR OSWALD STOLL FOUNDATION

NOTES TO THE ACCOUNTS for the year ended 31 March 2014 (continued)

10 Tangible fixed assets – Other

	Freehold land and buildings	Fixtures, fittings and equipment	Motor vehicles	Total
Cost				
1 April 2013	377,375	183,100	45,975	606,450
Additions	1,200	63,567	-	64,767
31 March 2014	378,575	246,667	45,975	671,217
Depreciation				
1 April 2013	(151,912)	(180,000)	(22,988)	(354,900)
Charge	(7,548)	(3,100)	(11,494)	(22,142)
31 March 2014	(159,460)	(183,100)	(34,482)	(377,042)
Net book value				
31 March 2014	219,115	63,567	11,493	294,175
31 March 2013	225,463	3,100	22,987	251,550

11 Fixed asset investment

	2014 £	2013 £
Other investments – Book of paintings	34,160	34,160

The book of paintings was donated in 1919 and re-valued by Christies in November 1999. The previously recognised deemed cost was £20,000 (2013: £20,000).

SIR OSWALD STOLL FOUNDATION

NOTES TO THE ACCOUNTS for the year ended 31 March 2014 (continued)

12 Debtors

	2014 £	2013 £
Arrears of rent and service charge	123,675	103,647
Less provision for bad and doubtful debts	(85,041)	(86,340)
Net rental arrears	38,634	17,307
Prepayments	22,205	-
Accrued income	25,000	-
Other debtors	13,087	43,555
	98,926	60,862

13 Creditors: amounts falling due within one year

	2014 £	2013 £
Bank borrowings (note 15)	125,189	111,540
Rents received in advance	41,127	37,953
Trade creditors	572,887	335,298
Other taxes and social security costs	21,310	21,930
Accruals and deferred income	305,015	215,003
	1,065,528	721,724

14 Creditors: amounts falling due after more than one year

	2014 £	2013 £
Bank borrowings (note 15)	2,840,223	3,011,214
Other loans	1,187,500	-
	4,027,723	3,011,214

SIR OSWALD STOLL FOUNDATION

NOTES TO THE ACCOUNTS for the year ended 31 March 2014 (continued)

15 Borrowings

	2014 £	2013 £
Bank and other borrowings are repayable as follows:		
Due within one year	125,189	111,540
Between one and two years	254,113	114,025
Between two to five years	751,807	245,695
Over five years	3,021,803	2,651,494
	<hr/>	<hr/>
Total housing loans	4,152,912	3,122,754
Less: repayable within one year	(125,189)	(111,540)
	<hr/>	<hr/>
Housing loans falling due after more than one year	4,027,723	3,011,214
	<hr/>	<hr/>

Loans from Orchardbrook/RBS and Nationwide are secured by specific charges on the company's housing properties, with interest being charged at rates of 9.375% - 11.500% and LIBOR plus 1.00% respectively. The life of each loan varies from 30 to 60 years.

The loan from The Royal British Legion is secured by specific charges on certain of the company's housing properties, with interest being charged at a rate of 4% and repaid at 10% per annum commencing the earlier of completion of the secured property or 30 June 2015.

16 Income and expenditure reserve

	£
Income and expenditure	
As at 1 April 2013	4,681,858
Surplus for the year	45,375
	<hr/>
As at 31 March 2014	4,727,233
	<hr/>
Analysed as:	
Invested in housing properties	4,177,679
Development reserve	200,000
Restricted Funds	103,936
Un-designated	245,618
	<hr/>
As at 31 March 2014	4,727,233
	<hr/>

The amount invested in housing properties is the net book value of the housing properties, less housing loans secured on those properties (plus, for the company, the amount lent to the subsidiary which is used to fund the subsidiary's housing properties).

SIR OSWALD STOLL FOUNDATION

NOTES TO THE ACCOUNTS for the year ended 31 March 2014 (continued)

The development reserve represents cash held for future housing property developments.

17 Investment revaluation reserve

	2014 £	2013 £
At 1 April and at 31 March	14,160	14,160

18 Endowment reserve

	2014 £	2013 £
At 1 April and at 31 March	3,041	3,041

19 Operating lease commitments

At 31 March 2014 the company had annual commitments under operating leases as follows:

	2014		2013	
	Land and Buildings £	Other £	Land and Buildings £	Other £
Leases which expire:				
Between two and five years	-	8,041	-	9,960
After five years	17,069	-	17,069	-

20 Capital commitments

At the year end, the company had capital commitments of £908,918 (value of SOSF work unpaid for at the year end) (2013: £4,848,867) contracted for but not accrued in these financial statements.

SIR OSWALD STOLL FOUNDATION

NOTES TO THE ACCOUNTS for the year ended 31 March 2014 (continued)

21 Related party transactions

There were no related party transactions during the year.

22 Pensions

The Sir Oswald Stoll Foundation participates in the Social Housing Pension Scheme (SHPS). SHPS is a multi-employer defined benefit scheme. The Scheme operated two benefit structures, final salary and career average revalued earnings (CARE), with a 1/60th accrual rate. The Sir Oswald Stoll Foundation paid employer contributions at the rate of 6% and 11.8 % (2013: 10.2% and 13.8%) during the year, with member contributions varying between 4 % and 8 % (2013: 4.7% and 8%) depending on their age at the date of joining the Scheme.

As at the balance sheet date there were 9 (2013: 8) active members of the Scheme employed by The Foundation. The annual pensionable payroll in respect of these members was £324,250 (2013: £274,988). The Foundation continues to offer membership of the Scheme to its employees.

It is not possible in the normal course of events to identify on a consistent and reasonable basis the share of underlying assets and liabilities belonging to individual participating employers. This is because the scheme is a multi employer scheme where the scheme assets are co-mingled for investment purposes, and benefits are paid from total scheme assets. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS17 represents the employer contribution payable.

The last formal valuation of the Scheme was performed as at 30 September 2011 by a professionally qualified Actuary using the Projected Unit Method. The market value of the Scheme's assets at the valuation date was £2,062 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £1,035 million, equivalent to a past service funding level of 67.0%.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2012. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The market value of the Scheme's assets at the date of the Actuarial Report was £2,327 million. The Actuarial Report revealed a shortfall of assets compared with the value of liabilities of £1,241 million, equivalent to a past service funding level of 65%.

The shortfall is funded by the payment by each participating employer of additional contributions. Stoll's contribution to the deficit is £43k per annum. This is made up of a deficit charge and share of liability.

These charges are payable as long as Stoll is a member of the SHPS scheme. If Stoll was to leave the SHPS scheme then this would trigger a 'final debt on withdrawal' amount to be paid. The amount payable would be £2.093m.

23 Members

The Foundation is a company limited by guarantee registered under the Companies Act 2006. It has no equity or non-equity share capital. Membership confers no rights to any form of financial return.

SIR OSWALD STOLL FOUNDATION

NOTES TO THE ACCOUNTS for the year ended 31 March 2014 (continued)

24 Royal British Legion

	2014 £	2013 £
Loans received during the year	1,187,500	-
Grant received during the year	-	1,250,000

The loan and grant was used to finance development costs at 537A Staines Road, Feltham to build 36 units to house ex service men and women.

25 Restricted Funds

Received from donors in this financial year

Donor	Purpose	Amount £'s
Anonymous	To finance the Support function	190,000
The Royal British Legion	To support Chiswick, Outreach & Veterans' Nomination Scheme	119,308
The Forces in Mind Trust	(this is the first of 2 instalments to finance the Research Project undertaken by the University of York)	79,766
ABF The Soldiers Charity	To finance the Support team	30,900
Phillip King Charitable Trust	To support Banstead Court	30,000
Queen Mary's Roehampton Trust	Tenancy Support	25,000
Paul Hamlyn Foundation	To support the Combat Veterans Players	25,000
Royal Air Force Benevolent Fund	To finance the new development	23,000
The Monument Trust	Used to finance the Drug & Alcohol project	20,000
Seafarers UK	Tenancy support	20,000
Armed Forces Community Covenant	To support the Legacy Project	18,500
Drapers' Charitable Fund	Domestic Support	10,000
Other under £10K		31,165
		622,639
of which £103, 936 is carried forward to next financial year		
ABF The Soldiers Charity		15,450
Community Covenant		18,500
Drapers' Charitable Fund		5,000
Paul Hamlyn Foundation		16,666
Philip King Charitable Trust		20,000
Royal British Legion		28,320
		103,936