

REGISTERED CHARITY NO: 1125556

REGISTERED CHARITY IN SCOTLAND NO: SC040058

COMPANY REGISTRATION NUMBER: 06593129

**HAIG HOUSING TRUST
(KNOWN AS HAIG HOUSING)
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

**HAIG HOUSING TRUST LIMITED (KNOWN AS HAIG HOUSING)
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

CONTENTS	Page
Report of the Directors	2 - 9
Report of the Auditor	10 - 11
Statement of Financial Activities	12
Balance Sheet	13
Cash Flow Statement	14
Notes to the Financial Statements	15 - 23

HAIG HOUSING TRUST (KNOWN AS HAIG HOUSING)
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

The Directors present their report and the financial statements of the company for the year ended 31 March 2014.

CHAIRMAN'S STATEMENT

Haig Housing Trust is a charity established on the initiative of Haig Homes which, at the time, was not only a charity but also a Registered Social Landlord. Haig Housing Trust was created to be a vehicle through which innovative and wide-ranging housing assistance could be provided to serving and retired members of the Armed Forces, free of the restrictions inherent in being a Registered Social Landlord.

Haig Homes successfully de-registered as a Registered Social Landlord. Following this deregistration, the Board of Directors, after consultation with the Trustees of Haig Homes agreed to merge both charities, which share very similar charitable objects in support of the Service and ex-Service community. Following discussions with Charity Lawyers, the most efficient and effective mechanism of so doing was agreed to be by a Vesting Order. The Vesting Order was granted by the Charity Commission with an effective date of 30 September 2013. The consequence of this Vesting Order has meant that all of the assets and liabilities of Haig Homes were transferred to the Trust. The net asset value of this transfer was £36.4 Million.

Both Boards have agreed that the merged charity should continue as Haig Housing Trust, and Her Majesty the Queen has graciously agreed to be Patron of the new, merged charity.

On amalgamation both Boards have merged to become the Board of Haig Housing Trust and operate in accordance with the Memorandum and Articles of Association of the Trust (revised to reflect the new structure). The working name of the combined charities has become "Haig Housing".

These financial statements reflect both the continuing operations of housing estates gifted to Haig Housing Trust and the housing assistance initiatives developed by the Trust.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document

The Charity is governed by the provisions of the Memorandum and Articles of Association, which were last amended in 2013.

Governing Body

The Governing Body consists of fourteen independent non-executives Trustees who elect a Chairman from amongst their number. They are all highly experienced in charity and ex-Service matters, and have served for many years as Charity Trustees. Between them they also have expertise in law, medicine, welfare, housing, benevolence, service charities, the Armed Forces and the Charity Sector.

In accordance with the he Articles of Association, the minimum number of Trustees is 6 and the Maximum 14. The current Trustees are listed later in this report. All Trustees are members of the company; the guarantee of each member is limited to £1. Trustees are elected or re-elected by the members at an AGM or may be co-opted by the board until the next AGM. Election or re-election at an AGM of each Trustee is for a maximum of 3 Years.

HAIG HOUSING TRUST (KNOWN AS HAIG HOUSING)
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

A retiring Trustee whilst eligible for re-election can only serve on the board for a maximum of 9 years.

Organisational Management

The Trustees of the Charity meet formally every quarter as a committee of management. Trustees follow a standing agenda, review progress and determine the strategies needed to meet the rapidly changing needs and aspirations of the charity's beneficiaries.

In addition to meeting formally as a full board, the Trustees delegate specific issues to various Committees that report to the full board. The current Committees are as follow:

- Audit & Risk Committee
- Nomination and Remuneration Committee
- Management Committee

The Trustees delegate the day-to-day management of the Charity's properties in Scotland to a local committee consisting of volunteer members from the legal, housing, charity and ex-Service sectors in Scotland. The committee meets at least four times a year and includes a beneficiary tenant from Scotland. Following the retirement of Major General PVR Besgrove on October 31, 2013, the Trust appointed Brigadier James Richardson to serve as the Chief Executive of the Trust.

CHARITABLE OBJECTS

The objects of the Charity for the public benefit, in accordance with its Memorandum and Articles of Association, are:

- a. To relieve need, financial hardship, sickness, disability, the effects of wounds, old age or other like condition by the provision of, or assistance with, housing for the following persons in order of priority:
 - (i) Members and former members of all ranks and ratings of the Armed Forces of the Crown, whether Regular or Reserve, and their spouses, widows or widowers.
 - (ii) Former or separated spouses of members or former members of the Armed Forces of the Crown, whether Regular or Reserve, who have dependent children living with them.
 - (iii) Such persons in a (ii) above without dependent children.
- b. Such charitable purposes for the benefit of beneficiaries of the Charity as the Trustees decide.

The Trustees confirm that they have had regard to the Charity Commission's guidance on public benefit when reviewing objectives and activities.

Principal Activities

The principal activity of the company during the year was to relieve need, financial hardship, sickness, disability, effects of wounds, old age or other like condition by the provision of assistance with housing for members or former members of the Armed Forces of the Crown, and their dependants.

HAIG HOUSING TRUST (KNOWN AS HAIG HOUSING)
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

BOARD POLICY

The Charity provides, maintains and allocates 1,382 homes in the UK for the ex-Service community. Of these 29 have been purchased under a Shared Ownership agreement for and with disabled veterans who have suffered life changing injuries caused in recent conflicts. The remaining homes are spread throughout the UK in 60 estates located in 47 local authority areas. These estates vary from just 2 homes per location up to Morden, Surrey, which has 270 family housing units of between 2 and 5 bedrooms to meet beneficiaries need.

The Charity maintains equity of between 25% and 75% in Shared Ownership homes charging a modest 3% rent on the element of equity it retains. The remaining general needs housing is wholly owned by the Charity and charges a charitable rent set below the Local Housing Allowance threshold (typically 80%).

The Charity has established a leading role in the ex-Service housing sector. The Chief Executive is a Co-Chair of the grouping (Cluster) of Ex-Service housing charities who are members of the Confederation of ex-Services Charities (COBSEO) seeking to bring coordination and cooperation within the Cluster for the benefit of the whole veteran community. Additionally, it provides a practical housing advisory role to COBSEO and also, through attendance at Service resettlement and housing fairs, to the serving but, transitioning Service community.

REVIEW OF ACTIVITIES AND ACHIEVEMENTS

The trust bought and adapted 10 Shared Ownership homes over the year. The Trust maintains firm and resilient links to the Service Charity sector. It remains one of only 2 strategic partners with Help for Heroes, who through great support and shared aims of supporting the recent battle wounded, part fund some of the Shared Ownership initiatives. This year 3 of the ex-Servicemen who had bought their homes using this scheme purchased the remaining equity in their homes. The Trust now has no stake in these homes but monitors the success of the disabled Serviceman should assistance be needed again in the future. The funds these have released have been used for new purchases.

The Trust has purchased 5 new properties in Reading to meet the rising demand for homes in the Thames Valley high employment region.

Haig Housing Trust continues to maintain and improve its stock through a forward cyclical plan for its properties. During the year 294 renovations were conducted including 9 bathrooms, 48 Kitchens and 104 heating systems. Additionally the repairs staff dealt with 3,410 repairs which resulted in an 89% good or very good satisfaction responses.

The management of void property has delivered better than the 2% target set resulting in a surplus of rents received over budget. While this is applauded it is the benefit to applicants and the ability to house 115 new applicants that is the real outcome.

The Trust's fundraising activities were once again very successful in raising money while at the same time widening the profile and knowledge of the Charity. Larger events organised included a charity cricket match and a gala dinner while medium, and lower profile events continued to raise funds through the retail of merchandise and sponsorships for endurance events and collections.

HAIG HOUSING TRUST (KNOWN AS HAIG HOUSING)
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

FINANCIAL REVIEW AND RESULTS FOR THE YEAR

The Trust has generated a surplus of £1.4 million against £2.0 Million in 2013.

In accordance with UK GAAP, donations received for property purchases are treated as income whilst the purchase of a house, which is the Trust's major expenditure, is treated as a fixed asset acquisition and the cost is spread over 50 to 70 years as depreciation. This partly explains the large surplus being reported this year.

Total donations received were £655k (2013 £1.6 Million), detailed as follows:

- | | |
|-------------------|-------|
| • Help for Heroes | £350k |
| • Events Held | £113k |
| • Other | £192k |

Rents and related income increased from £7.5 Million to £7.8 Million due to the increase in the number of properties in 2014 over 2013 and the small increases in rents charged.

Total resources expended amounted to £7.3 Million (2013 £7.4 Million) Of this £375k was attributed to being the direct costs of fundraising. Other key items were direct property costs including repairs of £3.5 Million; direct staff costs of servicing tenants £1.4 Million; support costs of £1.1 Million and depreciation of £757k.

Total Capital Expenditure in 2014 was £2.9 Million of which £2.8 Million was spent on increasing our housing stock and the remainder in respect of our on-going fixed assets replacement programme.

The Charity holds £2.6 Million of investments. These are held as Accumulation Funds to provide a better overall financial return to the Charity.

Cash at bank was £5.3 Million. For the financial year 2014/15 Trustees have approved capital expenditure of approximately £4.6 Million of which £3.5 Million is on Housing Properties and £1 Million on securing the freeholds on several Leasehold Properties.

Total net assets were £46.8 Million compared to £45.4 Million in 2013. These are all represented by various reserves.

Reserves are split into general, restricted and unrestricted reserves.

Designated reserves consist of the following funds:

- Fixed Asset fund representing the net book value of the Trust's Tangible Fixed Assets. These are not available in the short term to fund the Trusts activities.
- The pension fund reserve was set up to provide stability for any unfunded pension liabilities that may arise in the future in respect of the Trusts Commitment to the Social Housing Pension Scheme (SHPS). No further amounts are being set aside for this as the likelihood of any call on the charity has diminished.
- Leasehold Liability Fund to address the cost of renewals and extensions of leases on short and medium term leasehold properties.
- Revaluation Reserves arising from the revaluation of the Trusts Investments.

HAIG HOUSING TRUST (KNOWN AS HAIG HOUSING)
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

The general fund has been generated from accounting surpluses. The generation of surpluses before donations is key to the Trust's strategy of creating financial stability, to meet gearing and interest rate covenants of its lenders, to mitigate for unforeseen events and to contribute to new developments.

The majority of the Trust's reserves are represented by investment in its housing properties. The Charity retains the capacity for further borrowing, if required, provided the borrowing costs and repayments are supported by its cash flows.

RISK MANAGEMENT

Risks are those factors that could adversely affect the achievement of the Trust's business plan. The Trustees have a formal risk management process to assess risks and to implement risk management strategies. A risk assessment is carried out periodically by the Directors and risks are identified and assessed for impact and probability. The Trust's Directors monitor the plans to control the major risks through regular reporting of both risk management and internal control systems.

Inherent to all organisations developing and maintaining properties are many potential risks, including collection of rents, changes in legislation and welfare reforms, liquidation of contractors, cost overruns and litigation with contractors. Whilst these cannot be quantified, the Trust takes all possible measures to minimise its exposure to such and is confident that it has the financial resources necessary to deal with any unforeseen problems.

Recent government pronouncements in respect of Welfare reform in terms of rent capping, Local Housing Allowance and room under occupancy have been assessed and any adverse effect have been fully costed in future financial years.

Another area of risk the Trust faces is the interest rate risk associated with Loan Finance. The Trust has limited its exposure by ensuring all loans are at an affordable fixed rate.

RESERVES POLICY

The generation of surpluses is a key element of Haig Housing Trust's financial strategy, intended to create financial stability for the organisation and to meet the unpredictable demands it may face at short notice, and for future obligations. These are retained within a general fund. As at 31 March 2014 the Trust's free reserves, representing general reserves not held as Tangible Fixed Assets or restricted funds, stood at £3.3 Million. During the forthcoming year, surpluses will add to this and any house purchases will deplete this.

Following the merger with Douglas Haig Memorial Homes on 1 October 2013, the Trust will be considering its reserves policy for the new merged entity. Reserves are currently considered sufficient to meet the Trust's needs.

**HAIG HOUSING TRUST (KNOWN AS HAIG HOUSING)
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

FUTURE PLANS

Haig Homes' application to the Charity Commission to merge with the Trust was approved with an effective date of September 30, 2013. The merger combined the work of the Trust and Haig Homes into one charity. This is leading to some very necessary organisational rationalisation as well as savings and increased administrative efficiencies in delivering the shared charitable objects of both charities.

A new strategy for the Trust is under development and Trustee acceptance, which, if approved, will set the Trust on a path of expansion to meet the accelerating demand for housing assistance. The Veterans' Accommodation Fund of £40 Million to be dispersed to Service Charities by the MOD for the provision of veterans' accommodation is being targeted to provide the launch pad for a development, expansion and partnering strategy.

The Trust will continue to buy and adapt homes for the wounded as they exit the injury and care pathway. This is expected to continue for the next few years although the demand will fall from the peak of activity. Discussion is underway to define the relationship with Help for Heroes once the current pathway is cleared. Although as only 1 year in the past 70 has resulted in no UK military operations (and casualties) being conducted it is sadly expected that such assistance will continue to be needed albeit at lower demand than the peak of the concurrent Iraq and Afghanistan campaigns.

Fundraising activity is expected to benefit from a one-off substantial event; Poppies in the Tower will plant a ceramic poppy for each British and Dominion death in the First World War, to be sold after publicity, to the general public. Haig Housing Trust is one of the 6 selected beneficiaries for the charitable proceeds of the event.

The executive plans to move the emergency and responsive repair provision to a national organisation providing, for the first time, measurable and contract enforceable performance standards. If successful this model may be examined for possible expansion to the general building facilities management programme.

The Trust continues to be open to offers of charitable mergers and gifting of property. It is currently negotiating with the Disabled Sailors Soldiers Foundation (Hackney) for a Cypress of their property and charitable efforts to Haig Housing Trust.

The Trust is financially robust and generates a reasonable surplus every year. The on-going maintenance of its property assets is sufficiently funded and the transfer of all of Haig Homes' property and assets to the Trust has ensured that the work of the Haig family can continue. Following the merger there are now sufficient assets within the merged charity to consider future development and expansion, particularly in the acquisition of more properties. It is accepted that more capital will be necessary to continue this work and the Coming Home campaign will be central towards achieving this.

HAIG HOUSING TRUST (KNOWN AS HAIG HOUSING)
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

BOARD OF DIRECTORS

The Directors serving during the financial year and until the signing of this report were:

Mr D P Stewart FCA (Chairman)
Ms G Arthur
Mr L Brantingham
Mr P Cleminson CBE
Major General K J Drewienkiewicz CB CMG
Mr P C M Girling
Mr P B R Houghton
Colonel N Ismaili FRCS
Gp Capt R G Kemp CBE QVRM AE
Major General J Milne CB
Surgeon Captain R Ross RN
Wing Commander T Underwood RAF
Commodore J Wightman CVO CBE
Mrs C Walker

LEGAL AND ADMINISTRATIVE DETAILS

CHIEF EXECUTIVE	James Richardson MBE
COMPANY SECRETARY	Rakesh Gulati BA FCA CIM MBA
REGISTERED CHARITY NO.	1125556
England and Wales	
REGISTERED CHARITY NO.	040058
Scotland	
REGISTERED OFFICE	Alban Dobson House Green Lane Morden, Surrey, SM4 5NS
BANKERS	Barclays Bank plc 50 Pall Mall London, SW1A 1QF Royal Bank of Scotland 36 St Andrews Square Edinburgh, EH2 2YB
SOLICITORS	Trowers & Hamilins LLP 3 Bunhill Row London, EC1Y 8YZ
AUDITORS	Crowe Clark Whitehill LLP St Bride's House 10 Salisbury Square London, EC4Y 8EH

**HAIG HOUSING TRUST (KNOWN AS HAIG HOUSING)
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

Directors' Responsibilities

The directors are responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) and applicable law. Under company law 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 charitable company and of the net incoming / outgoing resources for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- follow the methods and principles of the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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 company will remain in business.

The directors are responsible for keeping proper accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) and the charity's constitution. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Insofar as the directors are aware:

- there is no relevant audit information of which the company's auditors are unaware; and
- each director has taken all steps that he/she ought to have taken to make himself/herself aware of any relevant audit information and to establish that the auditors are aware of that information.

AUDITORS

Crowe Clark Whitehill LLP have expressed their willingness to continue in office. A resolution by the Council of Trustees to reappoint Crowe Clark Whitehill LLP will be proposed at the forthcoming Annual General Meeting.

The trustees' report including the strategic report was approved by the Board of Trustees on 17th September 2014 and signed on its behalf by:



Mr D P Stewart FCA
Chairman

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAIG HOUSING TRUST

We have audited the financial statements of Haig Housing Trust for the year ended 31 March 2014 set out on pages 12 to 23.

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 charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charity's trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of 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 purpose of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under section 44(1c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Trustees' Annual Report and Strategic Report to identify material inconsistencies with the audited financial statements to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2014 and of its incoming resources and application of resources, including its income and expenditure, 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 Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the 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.



Tina Allison
Senior Statutory Auditor
For and on behalf of
Crowe Clark Whitehill LLP
Statutory Auditor
London

31 October 2014

HAIG HOUSING TRUST (KNOWN AS HAIG HOUSING)
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2014

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Endowment funds £'000	Total 2014 £'000	Total 2013 £'000 <i>Combined</i>
INCOMING RESOURCES						
Incoming resources from generated funds						
Voluntary income		305	350	-	655	1,585
Investment income		7	20	-	27	70
Incoming resources from charitable activities						
Provision of housing to beneficiaries		7,785	67	-	7,852	7,471
Other incoming resources		9	-	-	9	13
Total incoming resources:		8,106	437	-	8,543	9,139
RESOURCES EXPENDED						
Cost of generating funds		50	225	-	275	407
Charitable activities:						
Provision of housing to beneficiaries	2	6,921	99	6	7,026	6,961
Governance costs		29	-	-	29	29
Total Resources Expended		7,000	324	6	7,330	7,397
Net incoming resources for the year		1,106	113	(6)	1,213	1,742
Gains on investments		138	9	-	147	266
Gross transfers between funds		324	(324)	-	-	-
NET MOVEMENT IN FUNDS FOR THE YEAR		1,568	(202)	(6)	1,360	2,008
Funds brought forward at start of the year		7,785	245	708	8,738	43,395
Fund acquired on merger with Haig Homes		36,426	239	-	36,665	-
Funds carried forward at end of the year	10	45,779	282	702	46,763	45,403

There are no gains or losses other than as shown above and all activities are continuing.

HAIG HOUSING TRUST (KNOWN AS HAIG HOUSING)
BALANCE SHEET
AS AT 31 MARCH 2014

	Notes	2014 £'000	2013 £'000 <i>Combined</i>
FIXED ASSETS			
Tangible fixed assets	5	41,704	40,339
Investments	6	2,560	2,788
Total fixed assets		44,264	43,127
CURRENT ASSETS			
Debtors	7	394	393
Cash at bank and in hand		5,272	5,183
		5,666	5,576
CREDITORS: amounts due within one year	8	(1,388)	(1,392)
NET CURRENT ASSETS		4,278	4,184
TOTAL ASSETS LESS CURRENT LIABILITIES		48,542	47,311
CREDITORS due after one year	9	(1,779)	(1,908)
NET ASSETS		46,763	45,403
TOTAL FUNDS			
Permanent endowment		702	708
Restricted reserves		239	484
Unrestricted funds			
Designated reserves		42,659	41,035
General funds		3,163	3,176
TOTAL FUNDS	10	46,763	45,403

The financial statements were approved and authorised for issue by the Council of Trustees on 17th September 2014, and were signed on its behalf by:




D P Stewart Chairman

P B R Houghton Trustee

HAIG HOUSING TRUST (KNOWN AS HAIG HOUSING)
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2014

	Notes	2014 £'000	2013 £'000 <i>Combined</i>
Net cash inflow from operating activities	13	<u>2,081</u>	<u>3,086</u>
Returns on investment and servicing of finance			
Interest and dividends received		27	70
Interest payable		<u>(135)</u>	<u>(141)</u>
Net cash outflow from returns on investment and servicing of finance		<u>(108)</u>	<u>(71)</u>
Capital expenditure and financial investments			
Purchase of tangible fixed assets		(2,927)	(2,059)
Sale of tangible fixed assets		793	119
Sales of investments		375	80
Purchase of investments		<u>-</u>	<u>(265)</u>
Net cash outflow for capital expenditure and financial investment		<u>(1,759)</u>	<u>(2,125)</u>
Financing			
Loan repayments		<u>(125)</u>	<u>(121)</u>
Net cash outflow from financing		<u>(125)</u>	<u>(121)</u>
Increase in cash		<u>89</u>	<u>769</u>
Cash at the start of the year		<u>5,183</u>	<u>4,414</u>
Cash at the end of the year		<u>5,272</u>	<u>5,183</u>

HAIG HOUSING TRUST (KNOWN AS HAIG HOUSING)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

1. ACCOUNTING POLICIES

a) Basis of preparation

The financial statements are prepared under the Charities Act 2011 under the historical cost convention and in accordance with applicable accounting standards and the Statement of Recommended Practice on Accounting and Reporting by Charities: the Charities SORP 2005.

On 30 September 2013, a Charity Commission scheme came into effect under which the Board of trustees of Douglas Haig Memorial Homes was removed and replaced by Haig Housing Trust as sole trustee. All assets and liabilities other than a nominal sum of £1,000 were donated to Haig Housing Trust. The financial statements have been prepared using merger accounting as though the two charities had always been one and the 2013 comparatives represent the combined balances and activities of the combined entity.

Having reviewed the financial position, the Trustees have a reasonable expectation that the Charity has adequate resources to continue its activities for the foreseeable future. Accordingly they continue to adopt a going concern basis in preparing the financial statements.

b) Incoming resources

Income from rental and service charges is recognised in the financial statements in the period to which the rent or service charge relates and entitlement is earned. Donations received are accounted for through the income and expenditure account on a receipts basis. Donated properties are included at their open market value or their existing use value at the date of the donation. Non-performance relate grants are accounted for as receivable.

c) Pension Costs

The cost connected with all pension schemes is charged to the Statement of Financial Activities as contributions fall due.

d) Depreciation

Housing Properties

Depreciation is charged to write down the value of freehold housing properties to their estimated residual value on a straight line basis over their remaining expected useful economic lives. No housing properties are shown at a value exceeding their estimated recoverable amount. Impairment losses recognised are shown under operating costs.

Freehold land is not depreciated.

Freehold properties are depreciated over 50 – 70 years depending on the property.

Leasehold properties are depreciated over the shorter of the term of the lease or their estimated useful life.

Other Fixed Assets

Assets costing more than £1,000 are capitalised. Depreciation is charged on a straight line basis over the expected economic life of the assets at the following rates:

Freehold offices	2.0%
Office equipment	33.3%
Motor vehicles	33.3%

HAIG HOUSING TRUST (KNOWN AS HAIG HOUSING)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

1. ACCOUNTING POLICIES (CONTINUED)

e) Expenditure allocation

Expenditure is allocated to the various cost categories on the basis of an estimate of staff time attributable to each activity.

f) Investments

Investments are stated at market value at the balance sheet date. Gains are calculated based on the movement in market value during the period.

g) Funds

Restricted funds

Donations or legacies received which are earmarked by the donor for specific purposes. Such purposes are within the overall aims of the charity.

Designated funds

These funds have been designated by the trustees for specific purposes. The largest designated fund represents amounts invested in fixed assets for use by the charity.

General fund

The funds are available at any time for the use at the discretion of Trustees for furtherance of the charity's activities and objectives.

2. RESOURCES EXPENDED

	2014 £'000	2013 £'000
Costs of generating funds		
Staff costs	86	60
Other costs	164	322
Support costs	25	25
	<u>275</u>	<u>407</u>
Charitable activities		
<i>Provision of housing to beneficiaries</i>		
Staff costs	1,442	1,410
Property repair, servicing and management	3,556	3,675
Interest payable	135	141
Bad debt expense	47	26
Depreciation	757	693
Support costs	1,089	1,091
	<u>7,026</u>	<u>7,036</u>
Support costs		
Staff costs	481	485
Other costs	608	606
	<u>1,089</u>	<u>1,091</u>

HAIG HOUSING TRUST (KNOWN AS HAIG HOUSING)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

3. STAFF COSTS

	2014	2013
	£'000	£'000
Wages and salaries	1,512	1,454
Social security costs	154	152
Pension costs	343	289
	2,009	1,895

The average number of full time equivalent employees during the year was as follows:

	2014	2013
	No	No
Cost of generating funds	3	1
Property repair and maintenance	30	31
Support costs	10	11
	43	43

The number of employees who earned over £60,000 during the year was as follows:

	2014	2013
£60,001 - £70,000	3	3

Employer's pension contributions of £42,382 were paid in respect of these higher paid employees.

4. NET INCOMING RESOURCES

	2014	2013
	£'000	£'000
Net incoming resources are stated after charging:		
Trustees' remuneration	Nil	Nil
Trustees' reimbursed expenses	5	6
Interest payable	135	141
Depreciation	757	693
Auditor's remuneration	26	26

HAIG HOUSING TRUST (KNOWN AS HAIG HOUSING)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

5. TANGIBLE FIXED ASSETS

	Housing properties £'000	Freehold office £'000	Office Equipment £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 April 2013	47,207	307	569	54	48,137
Additions	2,848	-	62	17	2,927
Disposals	(804)	-	-	(27)	(831)
At 31 March 2014	49,251	307	631	44	50,233
Accumulated depreciation					
At 1 April 2013	7,163	95	509	31	7,798
Charge for the year	691	6	49	11	757
Disposals	(12)	-	-	(14)	(26)
At 31 March 2014	7,842	101	558	28	8,529
Net book value					
At 31 March 2014	41,409	206	73	16	41,704
At 31 March 2013	40,044	212	60	23	40,339

	2014 £'000	2013 £'000
The cost of housing properties comprise:		
Freeholds	40,163	38,119
Long leasehold	8,527	8,527
Short leaseholds	561	561
	49,251	47,207

6. INVESTMENTS

	2014 £'000	2013 £'000
Market value at 1 April	2,788	2,338
Additions	-	264
Disposals	(375)	(80)
Gains on investments	147	266
Market value at 31 March	2,560	2,788
Historic cost	1,525	1,900

All material investments are managed by Investec and are represented by holding in UK and overseas fixed interest, equities and property funds. There are no investments that are material to the portfolio.

HAIG HOUSING TRUST (KNOWN AS HAIG HOUSING)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

7. DEBTORS

	2014 £'000	2013 £'000
Rent debtors	176	181
Prepayments and other debtors	218	212
	<u>394</u>	<u>393</u>

8. CREDITORS: Due within one year

	2014 £'000	2013 £'000
Bank loan	129	125
Trade creditors	144	205
Accruals	852	787
Rent in advance	263	275
	<u>1,388</u>	<u>1,392</u>

9. CREDITORS: Due after one year

	2014 £'000	2013 £'000
Bank loan	1,779	1,908
Loans are repayable as follows:		
Due within one year	129	125
Between one and two years	126	126
Between two and five years	402	402
After five years	1,251	1,380
	<u>1,908</u>	<u>2,033</u>

Bank loans consist of two fixed rate loans with a rate of 6.8% expiring during 2025/26. The loans are secured on five of the estates owned by Haig Housing Trust.

**10. ANALYSIS OF NET ASSETS
BETWEEN FUNDS**

	Unrestricted Funds £'000	Restricted funds £'000	Endowment Funds £'000	Total Funds £'000
Fund balances at 31 March 2014 are represented by:-				
Tangible fixed assets	41,002	-	702	41,704
Investments	2,321	239	-	2,560
Current assets	5,666	-	-	5,666
Current liabilities	(1,388)	-	-	(1,388)
Long-term liabilities	(1,779)	-	-	(1,779)
TOTAL NET ASSETS	<u>45,822</u>	<u>239</u>	<u>702</u>	<u>46,763</u>

HAIG HOUSING TRUST (KNOWN AS HAIG HOUSING)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

11. MOVEMENT IN FUNDS	<i>At 1 April £'000</i>	<i>Incoming resources £'000</i>	<i>Outgoing resources £'000</i>	<i>Gains and transfers £'000</i>	<i>At 31 March £'000</i>
Permanent Endowment	708	-	(6)	-	702
Restricted fund					
Disabled Officer Garden Homes	-	67	(93)	26	-
Gulf War Fund	20	-	-	-	20
Coming Home	225	350	(225)	(350)	-
Mrs Willie James Fund	239	20	(6)	9	262
Total restricted funds	484	437	(324)	(315)	282
Unrestricted funds					
Designated funds:					
Fixed asset fund	39,625	-	-	1,377	41,002
Leasehold liability fund	117	-	-	-	117
Pension reserve	405	-	-	-	405
Revaluation reserve	888	-	-	138	1,026
Total designated funds	41,035	-	-	1,515	42,550
General funds	3,176	8,106	(7,000)	(1,053)	3,229
Total	45,403	8,543	(7,330)	147	46,763

Restricted Reserves

Disabled Officer Garden Homes

This fund (along with the permanent endowment fund) represents funds in respect of Disabled Officer Garden Homes administered by Haig Housing Trust. Accommodation is provided for disabled former officers who are married or in a relationship analogous to marriage.

Gulf War Fund

This fund comprises amounts donated to assist the badly injured from the first Gulf War.

Coming Home

These funds comprise amounts donated to provide housing to injured service men and women. Transfers out of this fund represent the purchase of properties.

Mrs Willie James Charity

Administered by Haig Housing Trust, the funds are used to support a variety of purposes for needy tenants.

Designated reserves

Fixed asset fund

This represents the net book value of Tangible Fixed Assets held in unrestricted funds which are not available in the short term to fund the Trust's activities.

Leasehold liability fund

An accumulation fund created to retain funds for the renewal and extension of leases on short and medium term leasehold properties.

Pension reserve

This represents funds that were set aside for any potential future costs arising from the Trust's commitment to the Social Housing Pension Scheme.

HAIG HOUSING TRUST (KNOWN AS HAIG HOUSING)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

12. CAPITAL COMMITMENTS	2014 £'000	2013 £'000
Capital expenditure that has been authorised by the Council of Trustees but has not been contracted for	<u>4,640</u>	<u>2,200</u>

13. RECONCILIATION OF NET INCOMING RESOURCES TO NET CASH FLOW FROM OPERATING ACTIVITIES	2014 £'000	2013 £'000
Net incoming resources for the year	1,213	1,742
Investment income	(27)	(70)
Interest payable	135	141
Depreciation	757	693
Loss / (gain) on disposal of tangible fixed assets	12	(3)
(Increase) / decrease in debtors	(1)	143
(Decrease) / increase in creditors	(8)	440
	<u>2,081</u>	<u>3,086</u>

14. ANALYSIS OF THE BALANCES OF NET CASH	2014 £'000	2013 £'000	Change in year £'000
Cash at bank and in hand	5,272	5,183	89
Bank loans	<u>(1,908)</u>	<u>(2,033)</u>	125
	<u>3,364</u>	<u>3,150</u>	214

15. PENSIONS

During the year membership of the Social Housing Pension Scheme (the Scheme) transferred from Douglas Haig Memorial Homes to Haig Housing Trust. The Scheme is funded and is contracted-out of the State Pension scheme.

The Trustee commissions an actuarial valuation of the Scheme every three years. The main purpose of the valuation is to determine the financial position of the Scheme in order to address the level of future contributions required so that the Scheme can meet its pension obligations as they fall due. The actuarial valuation assesses whether the Scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date. Asset values are calculated by reference to market levels. Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

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%.

HAIG HOUSING TRUST (KNOWN AS HAIG HOUSING)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

15. PENSIONS (CONTINUED)

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

Following consideration of the results of the actuarial valuation it was agreed that the shortfall of £1,035 million would be dealt with by the payment of deficit contributions as shown in the table below:

From 1 April 2013 to 30 September 2020	A cash amount(*) equivalent to 7.5% of Members' Earnings per annum (payable monthly and increasing by 4.7% per annum each 1 April)
From 1 October 2020 to 30 September 2023	A cash amount(*) equivalent to 3.1% of Members' Earnings per annum (payable monthly and increasing by 4.7% per annum each 1 April)
From 1 April 2013 to 30 September 2026	£30,640 per annum (payable monthly and increasing by 3% per annum each 1 April; first increase on 1 April 2014)

The financial assumptions underlying the valuation as at 30 September 2011 were as follows:

Valuation Discount Rates:	% p.a.
Pre-Retirement	7.0
Non Pensioner Post Retirement	4.2
Pensioner Post Retirement	4.2
Pensionable Earnings Growth	2.5 per annum for 3 years, then 4.4
Price Inflation (RPI)	2.9
Pension Increases:	
Pre 88 GMP	0.0
Post 88 GMP	2.0
Excess Over GMP	2.4

Expenses for death-in-service insurance, administration and Pension Protection Fund (PPF) levy are included in the contribution rate.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2013. 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 £2,718 million. The Actuarial Report revealed a shortfall of assets compared with the value of liabilities of £1,151 million, equivalent to a past service funding level of 70%.

The next formal valuation of the Scheme will begin later this year and will give an update on the financial position as at 30 September 2014. The results of this valuation will be available in Spring 2016.

HAIG HOUSING TRUST (KNOWN AS HAIG HOUSING)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

16. TRANSFER OF ASSETS AND LIABILITIES FROM DOUGLAS HAIG MEMORIAL HOMES

On 30 September 2013, a Charity Commission scheme came into effect under which the Board of Trustees of Douglas Haig Memorial Homes was removed and replaced by Haig Housing Trust as sole Trustee. All assets and liabilities other than a nominal sum of £1,000 were donated to Haig Housing Trust. A summary of the assets and liabilities transferred to Haig Housing Trust is shown below.

	£'000
Tangible fixed assets	32,238
Investments	2,363
Debtors	807
Cash at bank and in hand	4,360
Creditors including bank loans	(3,388)
	<u>36,380</u>

17. LINKED CHARITIES

The following charities have in the past been subject to a uniting direction granted by Charity Commission schemes. The objects of the linked charities below are generally the provision of housing accommodation for people in need, hardship or distress with preference given to ex-service men and women and other charitable purposes for the benefit of the residents as the trustees shall decide. However, in respect of Disabled Officer Garden Homes accommodation is for disabled former officers who are married or in a relationship analogous to marriage.

A summary of the results of each charity are shown below:

	Disabled Officer Garden Homes £'000	Mitchell Flats £'000	Clevedon Homes £'000
Incoming resources	67	4	5
Outgoing resources	(93)	(9)	(9)
Deficit	(26)	(5)	(4)
Net assets	702	13	87