

REGISTERED CHARITY NO: 1125556 L0401292

REGISTERED CHARITY IN SCOTLAND NO: SC040058 2015

COMPANY REGISTRATION NUMBER: 06593129

**HAIG HOUSING TRUST
(KNOWN AS HAIG HOUSING)
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

HAIG HOUSING TRUST LIMITED (KNOWN AS HAIG HOUSING)
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

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The Directors present their report and the financial statements of the company for the year ended 31 March 2015.

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 in 2011. 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 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 10 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 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.

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

All new Trustees are given an extensive induction programme and are asked to adhere to the Trust's Trustee Code of Conduct. Trustees are kept up to date with developments

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through regular bulletins and training where appropriate and the organisation is regularly updated on Trustee governance.

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 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.

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.

PUBLIC BENEFIT

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.

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STRATEGIC REPORT

BOARD POLICY

The Charity provides, maintains and allocates 1,416 homes in the UK for the ex-Service community. Of these 34 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 Service 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 5 Shared Ownership homes over the year and has started search and conveyancing on a further 7 properties. 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 5 of the ex-Servicemen who had bought their homes using this scheme purchased the remaining equity in their homes bringing the total since project inception to 9. 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.

Haig Housing Trust continues to maintain and improve its stock through a forward cyclical plan for its properties. During the year 263 renovations were conducted including 37 bathrooms, 62 kitchens, 69 external redecorations and 87 heating systems. Additionally the repairs staff dealt with 3,127 repairs which resulted in an 89% good or very good satisfaction responses.

The management of void property has delivered slightly 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 121 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. We were one of 6 beneficiaries of the 'Tower of London Remembers' receiving significant donations through sales of ceramic poppies. Medium and lower profile events continued to raise funds through the retail of merchandise and sponsorships for endurance events and collections. Knowledge of and interest in the Trust and its activities has increased significantly through our social media activities and awareness raising events such as the successful Ladies Lunch which has gathered new, and influential, supporters.

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FINANCIAL REVIEW AND RESULTS FOR THE YEAR

The figures below refer to the consolidated results for the year

The Trust has generated a surplus of £17.5 Million against £1.4 Million in 2014.

In accordance with UK GAAP, donations and grants received for property purchases or the development of new homes are treated as income whilst the purchase of a house or expenditure on development, which are the Trust's major expenditure items are treated as fixed asset acquisitions. The cost of the latter are amortised over 50 to 70 years as depreciation. This explains why there is a large surplus being reported this year.

Total donations and grants received were £16.2M (2014: £655K) detailed as follows:

• Ministry of Defence (for Veterans Accommodation Projects)	£14.6M
• Historic Royal Palaces (Tower of London Remembers)	£1.4M
• Help for Heroes	£250K
• Legacies	£168K
• Other donations	£119K

Rents and related income increased from £7.9 Million to £8.2 Million due to the increase in the number of properties in 2015 over 2014 and small increases in rents charged.

Total resources expended amounted to £7.6 Million (2014: £7.3 Million) Of this £386K was attributed to being the direct costs of fundraising. Other key items were direct property costs including repairs of £3.9 Million; direct staff costs of servicing tenants £1.3 Million; support costs of £1.1 Million and depreciation of £800K.

Total Capital Expenditure in 2015 was £4.6 Million of which £4.5 Million was spent on increasing our housing stock and the remainder in respect of our on-going fixed assets replacement programme. The Charity holds £2.8 Million of investments. These are held as Accumulation Funds to provide a better overall financial return to the Charity.

The Audit and Risk Committee has responsibility for reviewing the performance of these funds against various benchmarks and the stock market in general. Investec manage the investment funds on a discretionary basis, within the ranges set out in the Trusts Investment Policy. During the year 2014/15 investments have not performed against benchmark, although subsequent to the year end the performance has improved significantly.

Cash at bank was £19.3 Million. This has increased significantly due to the receipt of £14.6 Million from the MOD to spend on housing veterans. For the financial year 2015/16 Trustees have approved capital expenditure of approximately £10 Million of which £9 Million is on Housing Properties and £0.7 Million on securing the freeholds on several leasehold properties.

Total net assets were £64.3 Million compared to £46.8 Million in 2014. These are all represented by various reserves (details are per the Reserves Policy note below).

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.

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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 and the Trust has established systems to mitigate those risks.

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.

The Trust is venturing into developing properties at selected sites. Trustees are aware of the financial and operational risks associated with development projects. The progress on these projects and risks associated with such are reviewed on a regular basis.

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

Reserves are split into restricted and unrestricted reserves (consisting of designated and general reserves).

Restricted reserves are donations, grants or legacies received which are earmarked by the donor for specific purposes. Such purposes are within the overall objectives of the Trust.

Designated reserves are unrestricted reserves that have been designated by the Trustees for specific purposes, the largest being the amount invested in fixed assets for use by the Charity.

General reserves not held as restricted or designated reserves are available for use at the discretion of the Trustees for the furtherance of the Trust's activities and objectives. At 31 March 2015, these stood at £6.0 Million. The current strategy agreed by the Trustees is to use these for development purposes as well as acquiring new properties or funding other housing solutions for beneficiaries.

Trustees have examined the future cash flow plans and can confirm that the reserves currently available support the agreed strategy. During forthcoming years, surpluses will add to these and any house purchases will deplete them.

The Trust faces inherent risks associated with the timing of rent receipts arising from either changes in beneficiaries personal circumstances or due to the effects of changes in legislation in respect of welfare payments. Equally to continue to provide a service to beneficiaries or to comply with new legislation, there may be a need to make unscheduled and unexpected adjustments or repairs to properties to make them habitable.

The Trust's ambition is to maintain general reserves of £2.5 Million, sufficient to allow for

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the above unexpected fluctuations in cash flows arising from the above.

FUTURE PLANS

A new strategy for the Trust has been written and accepted by the Trustees setting the Trust on a path of expansion to meet the accelerating demand for housing assistance. The Veterans' Accommodation Fund of £40 Million was dispersed by the MOD with the Trust receiving 35% of the granted funds. Together with Matched Funds a resource pool of £25 Million is available for use in the acquisition and development of new homes for Veterans. The MOD grant money will part fund the delivery of 121 new homes for Veterans in Morden, Edinburgh, Aldershot and Colchester

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.

Our fundraising activity benefitted from a one-off substantial event; The Tower of London remembers 'Poppies in the Tower' planted a ceramic poppy for each British and Dominion death in the First World War. These were later sold to the general public. Haig Housing Trust is one of the 6 selected beneficiaries who received charitable proceeds from the event.

The executive moved the emergency and responsive repair provision to a national organisation providing, for the first time, measurable and contract enforceable performance standards. It has been deemed a success greatly improving standards while making a cost saving compared to the previous arrangement. This success is being examined and now trialled for the general building facilities management programme. This initiative, if deemed successful will bring organisational change to the Trust Executive.

The Trust continues to be open to offers of charitable mergers and gifting of property. It is currently managing the Disabled Sailors Soldiers Foundation (Hackney) and will shortly receive the property through a Cypress via the Charity Commission. A further initiative is under consideration and planning to renovate properties in Manchester as part of a BBC programme, which will provide 20 more veterans' homes.

The Trust is financially robust and generates a reasonable surplus every year with significant additions of fundraising income. The on-going maintenance of its property assets is sufficiently funded such that the charity can consider future development and expansion beyond the 121 homes delivered with VAF money. The strategy also identifies current assets that could be developed or disposed that will continue to provide a cash resource stream for the Trust for the medium term.

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BOARD OF DIRECTORS

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

Mr D P Stewart FCA OBE (Chairman)
Ms G Arthur
Mr L Brantingham (Retired 17 September 2014)
Mr P Cleminson CBE
Major General K J Drewienkiewicz CB CMG (Retired 17 September 2014)
Mr P C M Girling
Mr P B R Houghton
Colonel N Ismaili FRCS (Retired 17 September 2014)
Gp Capt R G Kemp CBE QVRM AE
Mrs C Lester-Walker MBE
Major General J Milne CB
Surgeon Captain R Ross RN
Wing Commander T Underwood RAF

LEGAL AND ADMINISTRATIVE DETAILS

CHIEF EXECUTIVE	James Richardson MBE
COMPANY SECRETARY	Rakesh Gulati BA FCA CIM MBA
REGISTERED CHARITY NO. England and Wales	1125556
REGISTERED CHARITY NO. Scotland	040058
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 & Hamlins LLP 3 Bunhill Row London, EC1Y 8YZ
AUDITORS	Crowe Clark Whitehill LLP St Bride's House 10 Salisbury Square London, EC4Y 8EH

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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:

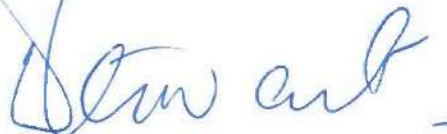
- there is no relevant audit information of which the company's auditors are unaware; and
- each director has taken all steps that he/she ought to have taken to make himself/herself aware of any relevant audit information and to establish that the auditors are aware of that information.

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 2nd July 2015 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 group and parent company financial statements of Haig Housing Trust for the year ended 31 March 2015 set out on pages 12 to 22. These accounts have been prepared in accordance with the accounting policies set out therein.

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 Part 16 of the Companies Act 2006 and to the charitable company's trustees, as a body, in accordance with section 44(1c) 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 group's and the charitable company's affairs as at 31 March 2015 and of the group's 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:

- the parent charitable company has not kept adequate accounting records; or
- the parent charitable 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.



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

3 July 2015

HAIG HOUSING TRUST (KNOWN AS HAIG HOUSING)
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2015

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Endowment funds £'000	Total 2015 £'000	Total 2014 £'000
INCOMING RESOURCES						
Incoming resources from generated funds						
Voluntary income	2	1,317	14,850	-	16,167	655
Fundraising trading		370	-	-	370	-
Investment income		68	7	-	75	27
Incoming resources from charitable activities						
Provision of housing to beneficiaries		8,178	70	-	8,248	7,852
Other incoming resources		45	-	-	45	9
Total incoming resources:		9,978	14,927	-	24,905	8,543
RESOURCES EXPENDED						
Cost of generating funds						
Charitable activities:		386	-	-	386	378
Provision of housing to beneficiaries		7,071	119	14	7,204	6,923
Governance costs		22	-	-	22	29
Total Resources Expended	3	7,479	119	14	7,612	7,330
Net incoming resources for the year		2,499	14,808	(14)	17,293	1,213
Gains on investments		239	16	-	255	147
Gross transfers between funds		(26)	26	-	-	-
NET MOVEMENT IN FUNDS FOR THE YEAR		2,712	14,850	(14)	17,548	1,360
Funds brought forward at start of the year		45,779	282	702	46,763	45,403
Funds carried forward at end of the year	10	48,491	15,132	688	64,311	46,763

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

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CONSOLIDATED BALANCE SHEETS
AS AT 31 MARCH 2015

	Notes	Group 2015 £'000	2014 £'000	Charity 2015 £'000	2014 £'000
FIXED ASSETS					
Tangible fixed assets	5	44,957	41,704	44,957	41,704
Investments	6	2,815	2,560	2,815	2,560
Total fixed assets		47,772	44,264	47,772	44,264
CURRENT ASSETS					
Debtors	7	432	394	432	394
Cash at bank and in hand		19,371	5,272	19,371	5,272
		19,803	5,666	19,803	5,666
CREDITORS: due within one year	8	(1,619)	(1,388)	(1,619)	(1,388)
NET CURRENT ASSETS		18,184	4,278	18,184	4,278
TOTAL ASSETS LESS CURRENT LIABILITIES		65,956	48,542	65,956	48,542
CREDITORS: due after one year	9	(1,645)	(1,779)	(1,645)	(1,779)
NET ASSETS		64,311	46,763	64,311	46,763
TOTAL FUNDS					
Permanent endowment		688	702	688	702
Restricted reserves		15,132	282	15,132	282
Unrestricted funds					
Designated reserves		42,547	42,550	42,547	42,550
General funds		5,944	3,229	5,944	3,229
TOTAL FUNDS	10	64,311	46,763	64,311	46,763

The financial statements were approved and authorised for issue by the Council of Trustees on 2nd July 2015, and were signed on its behalf by:

D P Stewart Chairman

P B R Houghton Trustee

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CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2015

	Notes	2015 £'000	2014 £'000
Net cash inflow from operating activities	13	<u>18,299</u>	<u>2,081</u>
Returns on investment and servicing of finance			
Interest and dividends received		75	27
Interest payable		(127)	(135)
Net cash outflow from returns on investment and servicing of finance		<u>(52)</u>	<u>(108)</u>
Capital expenditure and financial investments			
Purchase of tangible fixed assets		(4,568)	(2,927)
Sale of tangible fixed assets		549	793
Sale of investments		-	375
Net cash outflow for capital expenditure and financial investment		<u>(4,019)</u>	<u>(1,759)</u>
Financing			
Loan repayments		(129)	(125)
Net cash outflow from financing		<u>(129)</u>	<u>(125)</u>
Increase in cash		<u>14,099</u>	<u>89</u>
Cash at the start of the year		<u>5,272</u>	<u>5,183</u>
Cash at the end of the year		<u>19,371</u>	<u>5,272</u>

HAIG HOUSING TRUST (KNOWN AS HAIG HOUSING)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

1. ACCOUNTING POLICIES

a) Basis of preparation

The financial statements are prepared under the Companies Act 2006 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.

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.

The consolidated accounts incorporate the accounts of the Trust and its subsidiary: "Coming Home Campaign Limited" and are consolidated on a line by line basis. The Trust has taken advantage of the exemption available under s408 of the Companies Act not to present an unconsolidated Statement of Financial Activities. There was no difference between the Trust's unconsolidated total incoming resources and surplus for the year and that of the consolidated 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 related 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%

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

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. Governance costs are the expenses incurred by the charity in meeting their statutory and constitutional requirements and include Trustees' expenses and external audit fees.

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. VOLUNTARY INCOME

	Unrestricted £'000	Restricted £'000	2015 £'000	2014 £'000
Veteran's Accommodation Fund	-	14,600	14,600	-
Tower of London Poppies	1,013	-	1,013	-
Help for Heroes	-	250	250	350
Legacies	168	-	168	-
Other donations	136	-	136	305
	1,317	13,850	16,167	655

HAIG HOUSING TRUST (KNOWN AS HAIG HOUSING)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

3. RESOURCES EXPENDED

	2015 £'000	2014 £'000
Costs of generating funds		
Staff costs	190	86
Other costs	42	164
Support costs	154	128
	<u>386</u>	<u>378</u>
Charitable activities		
<i>Provision of housing to beneficiaries</i>		
Staff costs	1,328	1,442
Property repair, servicing and management	3,881	3,556
Interest payable	127	135
Bad debt expense	10	47
Depreciation	781	757
Support costs	1,077	986
	<u>7,204</u>	<u>6,923</u>
Support costs		
Staff costs	474	481
Other costs	757	608
	<u>1,231</u>	<u>1,089</u>

STAFF COSTS

	2015 £'000	2014 £'000
Wages and salaries	1,516	1,512
Social security costs	152	154
Pension costs	324	343
	<u>1,992</u>	<u>2,009</u>

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

	2015 No	2014 No
Cost of generating funds	4	3
Provision of housing	28	30
Support costs	10	10
	<u>42</u>	<u>43</u>

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

	2015	2014
£60,001 - £70,000	3	3
£90,001 - £100,000	1	-
	<u>4</u>	<u>-</u>

Employer's pension contributions of £41,098 were paid in respect of these higher paid employees.

HAIG HOUSING TRUST (KNOWN AS HAIG HOUSING)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

4. NET INCOMING RESOURCES

	2015 £'000	2014 £'000
Net incoming resources are stated after charging:		
Trustees' remuneration	Nil	Nil
Trustees' reimbursed expenses	2	5
Interest payable	127	135
Depreciation	781	757
Auditor's remuneration	19	26

5. TANGIBLE FIXED ASSETS (GROUP AND CHARITY)

	Housing properties £'000	Freehold office £'000	Office Equipment £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 April 2014	49,251	307	631	44	50,233
Additions	4,536	-	14	18	4,568
Disposals	(545)	-	-	-	(545)
At 31 March 2015	53,242	307	645	62	54,256
Accumulated depreciation					
At 1 April 2014	7,842	101	558	28	8,529
Charge for the year	718	6	46	11	781
Disposals	(11)	-	-	-	(11)
At 31 March 2015	8,549	107	604	39	9,299
Net book value					
At 31 March 2015	44,693	200	41	23	44,957
At 31 March 2014	41,409	206	73	16	41,704

	2015 £'000	2014 £'000
The cost of housing properties comprise:		
Freeholds	40,651	40,163
Long leasehold	12,030	8,527
Short leaseholds	561	561
	53,242	49,251

6. INVESTMENTS

	2015 £'000	2014 £'000
Market value at 1 April	2,560	2,788
Disposals	-	(375)
Gains on investments	255	147
Market value at 31 March	2,815	2,560
Historic cost	1,519	1,519

All material investments are managed by Investec and are represented by holdings 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 2015

7. DEBTORS

	Group		Charity	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Rent debtors	183	176	183	176
Prepayments and other debtors	249	218	249	218
	<u>432</u>	<u>394</u>	<u>432</u>	<u>394</u>

8. CREDITORS: Due within one year

	Group		Charity	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Bank loan	134	129	134	129
Trade creditors	292	144	292	144
Other taxation and social security	117	-	117	-
Accruals	758	852	758	852
Rent in advance	318	263	318	263
	<u>1,619</u>	<u>1,388</u>	<u>1,619</u>	<u>1,388</u>

9. CREDITORS: Due after one year (Group and Charity)

	2015	2014
	£'000	£'000
Bank loan	<u>1,645</u>	<u>1,779</u>
Loans are repayable as follows:		
Due within one year	134	129
Between one and two years	138	126
Between two and five years	446	402
After five years	<u>1,061</u>	<u>1,251</u>
Total loans	<u>1,779</u>	<u>1,908</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. These make up a small proportion of overall housing stock.

10. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds	Restricted funds	Endowment Funds	Total Funds
	£'000	£'000	£'000	£'000
Fund balances at 31 March 2015 are represented by:-				
Tangible fixed assets	40,785	3,484	688	44,957
Investments	2,550	265	-	2,815
Current assets	8,421	11,382	-	19,803
Current liabilities	(1,619)	-	-	(1,619)
Long-term liabilities	(1,645)	-	-	(1,645)
TOTAL NET ASSETS	<u>48,492</u>	<u>15,131</u>	<u>688</u>	<u>64,311</u>

HAIG HOUSING TRUST (KNOWN AS HAIG HOUSING)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

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	702	-	(14)	-	688
Restricted fund					
Veterans Accommodation	-	14,600	(20)	-	14,580
Disabled Officer Garden Homes	-	70	(91)	-	(21)
Gulf War Fund	20	-	-	-	20
Help for Heroes	-	250	-	25	275
Mrs Willie James Fund	262	7	(8)	17	278
Total restricted funds	282	14,927	(119)	42	15,132
Unrestricted funds					
Designated funds:					
Fixed asset fund	41,002	-	(747)	532	40,787
Leasehold liability fund	117	-	-	-	117
Pension reserve	405	-	-	-	405
Revaluation reserve	1,026	-	-	212	1,238
Total designated funds	42,550	-	(747)	744	42,547
General funds	3,229	9,978	(6,732)	(531)	5,944
Total	46,763	24,905	(7,612)	255	64,311

Restricted Reserves

Veterans Accommodation Fund

This fund was created with monies from the Ministry of Defence and is to be used to develop /purchase properties in Morden, Edinburgh, Aldershot and Colchester. At 31 March 2015 the balance of the fund included properties purchased with a net book value of £3.48m.

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. The deficit on this fund is as a result of significant repairs and maintenance works carried out in the year and will be met from future surpluses as these works are now complete.

Gulf War Fund

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

Help for Heroes

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

Mrs Willie James Charity

Administered by Haig Housing Trust, the funds are used to support a variety of purposes for needy tenants. The fund includes a revaluation reserve of £57,000.

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.

HAIG HOUSING TRUST (KNOWN AS HAIG HOUSING)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

11. MOVEMENT IN FUNDS (CONTINUED)

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.

12. CAPITAL COMMITMENTS

2015
£'000

2014
£'000

Capital expenditure in 2014/15 that has been authorised by the Council of Trustees but has not been contracted for

9,952

4,640

13. RECONCILIATION OF NET INCOMING RESOURCES TO NET CASH FLOW FROM OPERATING ACTIVITIES

2015
£'000

2014
£'000

Net incoming resources for the year

17,293

1,213

Investment income

(75)

(27)

Interest payable

127

135

Depreciation

781

757

(Gain) / loss on disposal of tangible fixed assets

(15)

12

(Increase) in debtors

(38)

(1)

Increase / (decrease) in creditors

226

(8)

18,299

2,081

14. ANALYSIS OF THE BALANCES OF NET CASH

2015
£'000

2014
£'000

Change
in year
£'000

Cash at bank and in hand

19,371

5,272

14,099

Bank loans

(1,779)

(1,908)

129

17,592

3,364

14,228

15. PENSIONS

Haig Housing Trust participates in the Social Housing Pension Scheme (the Scheme). The Scheme is funded and is contracted-out of the State Pension scheme. 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.

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 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 2015

15. PENSIONS (CONTINUED)

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	£30,640,000 per annum (payable monthly and increasing by 3% per annum each 1 April; first increase on 1 April 2014)

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.

The charity is also a member of the Social Housing defined contribution pension scheme. Contributions to the defined contribution schemes are recognised in the Statement of Financial Activities as they fall due. Contributions for both schemes for the year to 31 March 2016 are expected to be in line with 2014/15.

16. LINKED CHARITIES AND SUBSIDIARIES

Disabled Officer Garden Homes, Mitchell Flats and Clevedon Homes 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.

In addition, the Trust is holds all allotted shares in Coming Home Campaign Limited, a limited company that carries out trading activities on behalf of the charity. A summary of the results of each are shown below:

	Disabled Officer Garden Homes £'000	Mitchell Flats £'000	Clevedon Homes £'000	Coming Home Campaign £'000
Incoming resources	70	3	6	370
Outgoing resources	(105)	(25)	(9)	(370)
Deficit	(35)	(22)	(3)	-
Net assets	665	(9)	84	-