



Solihull Community Housing Limited

Company Limited by Guarantee

FINANCIAL STATEMENTS

For the year ended

31 March 2015

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Officers and Professional Advisers

Directors ("the Board")	W A M Blackburn D H J Dixon C J Horrocks Dr A G C Lane A M Mackiewicz B Maynard S B Partridge J Potts P L Smith N Drayson (resigned 26 March 2015) G Slater (resigned 10 June 2014) K MacNaughton (resigned 10 June 2014) D Evans (appointed 10 June 2014) C Williams (appointed 10 June 2014)
Chief Officers	S Boyd – Chief Executive C Hodson – Director of Customer Services (resigned 31 August 2014) J D King – Director of Housing (resigned 15 September 2014) K A Preece – Director of Finance & Investment (resigned 30 June 2014) S C Gilbert CPFA – Head of Financial Operations (appointed 1 July 2014 by SMBC) P Stoaite – Chief of Commercial Activity (appointed 22 September 2014) F Hughes – Chief of Operations (appointed 5 January 2015)
Secretary	M E E Moroney-Barnett
Registered office	Endeavour House Meriden Drive Solihull B37 6BX
Registered number	04462630
Auditor	Baker Tilly UK Audit LLP Chartered Accountants St Philips Point Temple Row Birmingham B2 5AF
Bankers	Barclays Bank plc Corporate Business Centre PO Box 333 15 Colmore Row Birmingham B3 2WN

Chairman's Statement

31 March 2015

Following 10 years of operating, our vision continues to be to 'put our customers first, to be forward thinking and pursue opportunities for growth' and we have continued to deliver quality services across all areas during the year to March 2015.

Both the quality of the homes that we provide for our tenants and the surroundings that they live in remain our priority. Our 10 year "Great Places" programme continues its aim to give all of our stock a real facelift – concentrating on the communal areas as well as the surroundings of our stock to complement the successful Decent Homes programme that previously transformed the interior of people's homes. We have continued to make real progress in the delivery of this project during 2014/15 with a further 44 communal areas in low-rise blocks having received a complete makeover making a total of 85 over the first two years of the scheme. Customer satisfaction for these works continues to be very high throughout.

The skyline of Solihull has really been transformed over this last year as the British Gas funded "ECO" programme continued. The scheme has seen 32 of our 37 high-rise blocks overclad with an insulating "overcoat" and replaced the inefficient and expensive space and water heating systems in 23 high-rise blocks with new "green" biomass technology to provide cheaper hot water and heating. In order to achieve the best value for our tenants, the programme had to be finished by 31 March 2015 in order for British Gas to claim the full carbon credits that are funding this initiative. Alongside this work, we have completed the transformation with new doors, signage, and lighting and, in many cases, window replacements too. All of this work really does make a difference to the environment in which our tenants live.

The social housing sector in Solihull continues to exhibit high levels of demand with a shortage of suitable accommodation. The Council's Policies and Plans identify the following key areas in Solihull:-

- Make provision for the adequate amount and variety of homes to meet the increasing demand from older people and those with disabilities;
- Help address need on the housing waiting list and through homelessness;
- Support development to help meet housing needs in the borough whilst ensuring high quality places across the borough; and
- Continuing to improve the quality of the environment in North Solihull.

Solihull continues to see high levels of homelessness within the borough with an increase in homelessness acceptances in 2014/15 of approximately 20%. The Homelessness Strategy aims to prevent homelessness in Solihull and to provide a quality response to those that are affected by homelessness. As a result demand on Temporary Accommodation (TA) increased during the financial year and continues to be a pressure point to meeting the statutory responsibilities for people at threat of homelessness. There has also been significant improvement in the TA offer to applicants during 2014/15 with a reduction in the use of budget hotel accommodation and SCH increasing the number of self-contained accommodation available for TA use.

In addition Solihull Community Housing ("SCH") has further developed the offer to private landlords through the private sector leasing arrangements. This has achieved a slow but consistent increase in the numbers of private landlords working with SCH and Solihull Metropolitan Borough Council ("SMBC").

SCH implemented on behalf of SMBC revisions to their Housing Allocations Scheme in late September 2014 which has reduced the household numbers registered for housing to approximately 8,200. This change now requires applicants to have a 'close association' to Solihull, to have a recognised housing need as determined within the policy and for applicants to have lived in the borough of Solihull for a minimum of 2 years prior to the offer of social housing.

An additional challenge is that Right to Buy sales have increased again this year from 47 to 54 reflecting the increased discounts available since the scheme was re-launched. Unfortunately this means fewer SMBC homes are available to let.

Stock growth therefore remains a priority for us and although our new build programme has maintained momentum throughout 2014/15 we have again continued to struggle with land availability. On the development front, we have completed four developments this year comprising a total of 45 new SMBC

Chairman's Statement

31 March 2015

(continued)

homes including the challenging listed build conversion of Alcott Hall in to 3 flats and 2 new build apartments. Two of the sites we have developed this year (Fen End and Hampton in Arden) will go towards meeting some key rural need. We were successful in securing HCA grant for all of our development sites totalling just short of £1m. This means that all of these new homes were let at Affordable rather than social rent. We have also completed the purchase of 5 mortgage rescue properties and 3 acquisitions.

2014-15 saw a reduction in the amount of Underoccupiers which reduced from 642 to 619 and was helped in part due to changes made to the Choice Based lettings scheme and evidenced by the fact that 135 tenants had either downsized or were registered to move at year end. 198 of the 619 Underoccupiers were in arrears at the end of March (32%) which compares favourably across the Midlands and is testimony to the help and support that has been given over the course of the year.

We have delivered a pre-tax and pensions adjustment surplus of £360k this year (as set out in the Strategic Report). Following the success of the move to share our front-line face-to-face service with the Council last year, we began to explore other ways in which we could share services and make savings for both of us. This resulted in an agreement to transfer our in-house Finance, HR, Health & Safety, Equalities & Diversity and IT teams to the Council with effect from 1 July 2014.

The discussions around shared services inevitably led us to start talking to the Council about the future of SCH. We are delighted to have agreed the terms of a new Management Agreement that was recently signed and we will still aim to deliver the same high standard of service to our residents. For the first time, the agreement will allow us to look to widen the range of services that we offer and those that we can offer them to. Most particularly, the new deal will allow us to operate outside of Solihull. We believe that these enhanced provisions will allow us to expand SCH and generate new income streams that we can then plough back into serving the people of Solihull. This signifies a new strategic course for SCH of becoming a more commercial organisation whilst continuing to provide excellent housing management services for Solihull.

Finally on behalf of the full SCH board I would like to take this opportunity to express our thanks to all SCH staff for their work and commitment over the past 12 months. We look forward to continuing this high level of performance over the coming year as SCH starts to deliver against its new management agreement.

Dr AGC Lane
Chairman
20 July 2015



Strategic Report

31 March 2015

The Company sets out below its strategic report which aims to provide the reader of the accounts with a range of information about the operation of the business during the financial year as well as the environment in which it has been operating.

2014/15 began steadily with very positive prospects for a strong performance in all areas. The roll-out of self-financing within SMBC's Housing Revenue Account ("HRA") had resulted in a much greater level of funding for the capital programme than before and we continue to utilise this funding to improve our existing stock and create more of it to meet the high levels of demand that we experience. We have also put in place plans to ensure that the impact of welfare reform could be managed with limited risk to both the SCH and HRA positions. We have set these plans within the context of budgets that were acceptable to our parent, Solihull Metropolitan Borough Council as both organisations look to manage their financial positions in the world of austerity. In this context, our vision to "Put our customers first, be forward thinking and pursue opportunities for growth" remains a challenge, but one that we strive to achieve.

The economic position is still fragile for those in receipt of benefits or low paid jobs and whilst regionally employment is improving, it is not being felt across all parts of the Borough with many in work receiving the minimum wage. The rent collected for 2014/15 is slightly down from last year at 97.77%, although regionally this is in tune with our partners who we benchmark with. Rent Arrears increased from £1,067k to £1,130k an increase of £63k but again comparable to many Organisations across the Midlands. Within the arrears figures 32% of our under-occupiers were behind with their rent at year-end although we helped 177 tenants access £99.4k of Discretionary Housing Payment Awards helping them retain their properties. April 2014 also saw the launch of Introductory and Fixed Term tenancies. 542 tenants successfully went through the introductory process with the loss of only 1 tenancy which should help to sustain tenancies and prepare them for welfare reform.

The number of households on our waiting list reduced as a consequence of changes to SMBC Allocation Policy in September 2014. The numbers of applicants registered for housing reduced from 18,733 to 8,268 at 31 March 2015. This is a 55% decrease in applicants registered for housing with a housing need. However single people registered for housing remains high with 5,411 applicants who require one bedroom properties of the 8,268 applicants registered overall at 31 March 2015. What remains a real challenge is that we are only able to meet that demand from a limited number of void properties and any stock growth that we are able to deliver. For 2014/15, this was 808 empty properties and 184 housing association properties. Demand for housing in Solihull continues to be significant and well beyond the supply available annually.

The re-launched Right to Buy scheme has seen a further increase in the numbers of SMBC HRA properties sold to 54 (47 in 2013/14). The level of discount is continuing to depress the average sales value (which is still around £53,000) particularly as 40 of the sales are family houses. The number of applications has increased again from 126 last year to 147 this year reflecting a continuing wish to "own your own home" amongst our tenants and some increase in the number able to find funding to actually do this. Although the scheme is undoubtedly a real opportunity for those tenants that are able to take advantage of the improved offer, this does mean a further loss of valuable stock to meet wider demand. During the year we were successful in providing 45 new build properties and acquired a further 8, 5 of which were mortgage rescue properties, to leave the actual stock figure relatively stable at the year end.

The number of homeless applicants increased during the year with this peaking at 1,122 homelessness investigations and decisions completed at 31 March 2015. From this homelessness acceptances have continued to rise during the year and in order to manage caseloads better, we restructured the Home Options service to provide a single point of contact for all applicants, whether they approach us through the waiting list or as homeless. We accepted a duty to house 599 cases this year, which is an 18% increase from 510 the year previous. The Housing Options service during 2014/15 started the national accreditation known as the 'Gold Challenge' in the delivery of high quality homelessness service provision. The service achieved an excellent Peer Assessment outcome through this accreditation process and will move to achieve the 10 Gold Challenges during 2015/16.

Strategic Report

31 March 2015

(continued)

In order to meet this rising need, we have been using a range of accommodation to provide Temporary Accommodation (TA) for homeless applicants. The Housing Options service has successfully introduced a number of self-contained units for the use of TA and increased the number of private landlords willing to work with Solihull through a private sector leasing arrangement. Improvements in the provision of TA management during the year included significantly reducing the number of families placed in Budget Hotels out of the borough. In addition the service stopped using budget hotels located on the Hagley Road in Birmingham unless required due to the Severe Weather Emergency Protocol. Longer term into 2016, SCH is working with SMBC to develop a purpose built centre at Ipswich Walk Chelmsley Wood for single people who are homeless. The centre will accommodate 15 - 25 people with management and support for residents delivered on site. The centre will provide communal space to make provision for personal development relating to employment support, health and lifestyle.

This high level of demand does mean that there is increasing pressure on our voids team to turn properties around quickly. We have worked on 1,019 void units over the year and once again we failed to meet our stretch target of 17 calendar days – the previous year's outturn figure of 23 has risen to this year's outturn of 28 days cumulative. There are a number of contributory factors throughout the year including having to turn over an increased number of temporary accommodation units more often to meet homeless need. There is an increase in larger sized properties becoming vacant due to people downsizing as a result of welfare reform and the level of work that needs doing, as some of these properties have either never had decent homes works carried out or have only had part decent homes works completed, leading to an increase in more expensive full kitchen and bathroom replacements. We have also seen a higher number of voids coming through that have been full of rubbish, leading to delays in surveying as the properties need to be cleared first. Additionally following wider stakeholder consultation and subsequent Finance and Asset Management Committee approval, we have been completing the void to an improved lettable standard. This has also increased the cost of an average void from £2,062 to £2,472 with a consequential impact on our financial outturn although we were able to manage this within our overall budgets.

Many of the pressures around general demand for housing and homelessness demand in particular do not have a direct impact on SCH income streams, although they do create pressures on staffing levels in managing these areas. SCH's funding is provided via a Management Fee charged to the Council's HRA and so some of the key risks that face the housing service are as a consequence of HRA funding changes. Risks around welfare reform impact ultimately on the collection of rent, which is the source of the majority of the funding for the HRA. If SCH fails to manage either welfare reform or collect rent effectively in the medium to long term, there will be less funding available to deliver housing management service and capital and improvement works. So far, funding has been set aside by the Council from SCH surplus to make provision for bad debts arising from shortfall in income, but a key priority going forward is providing timely and effective support to tenants where their financial circumstances change.

Whilst these key risk areas around funding for housing services in Solihull are being managed, we will continue to look to reduce costs and demonstrate efficiencies within our own revenue budgets. This year has seen us start to work closely with the Council in moving towards shared services for back office services such as HR, Finance, IT, Health and Safety and Equality and Diversity to reduce costs. Face-to-face contact with customers at area offices is now delivered by the Council's Connect team with customers receiving a single integrated response whatever their problem – be it housing, rubbish collection or education.

The way we respond to our customers is one of our key strengths and we have successfully negotiated the full re-accreditation process under the Government's Customer Services Excellence award with flying colours. We monitor our service levels closely to ensure consistent good services are achieved and our Contact Centre continues to take calls across all areas from all of our customers as well as the tenants of Family Housing.

Our 2014/15 Management Fee was increased by the Council by £1.762m additional funding for contracted cost increases (£0.720m), increased cost of voids (£0.495m), additional costs for welfare reform preparation (£0.139m) and additional fire protection work to properties (£0.408m).

We have also continued to fund an ambitious stock improvement and growth programme through the overall capital programme that we deliver on behalf of the Council with a budget of £17.2m in 2014/15 compared with £16.2m last year. This programme, which includes our work to increase the Council's available stock

Strategic Report

31 March 2015

(continued)

through new build, conversion and acquisition, increased from £3.7m last year to £3.9m. This included the purchase of 8 properties during the year that we are able to get back into circulation much faster than we would through any new build programme, plus we completed the purchase of 5 mortgage rescue properties and 3 acquisitions.

This year we completed four development sites comprising a total of 45 new SMBC homes and we were successful in securing HCA grant for all of these sites totalling nearly £1m. This means that all of these new homes will be let as Affordable Rent properties rather than social rent. We now have a 24 unit site in Gilson Way and Didgley Grove, 11 houses in Oakley Estate, Fen End and a 5 unit site at Peel Close, Hampton in Arden. We also completed the challenging conversion of a listed building, Alcott Hall, into 3 flats whilst accommodating 2 new build apartments on the site. The two sites in Fen End and Hampton in Arden will go towards meeting some key rural need.

For 2015/16 we have obtained planning permission for 8 x 1 bedroom affordable homes at Oakthorpe Drive and 15 affordable units at Richmond Road which are included in the HCA programme with a committed grant allocation via a Developer. We have a planning application ready to submit for Ipswich Walk to provide a 20 bed space temporary accommodation centre and we are currently in the early stages of preparing a proposal for a 55 unit elderly care scheme on the site of Coleshill Heath School.

We have been making real progress in delivering our envelope programme with a further 44 communal areas in low-rise blocks completed during 2014/15 giving a total of 85 over the first two years of the project. Customer satisfaction for these works has been very high throughout and you can start to see the wider impact on neighbourhoods when you take a walk around some areas. We have also completed an intensive 2 year programme funded by British Gas using their ECO ("Energy Company Obligation") funding stream to ensure that 32 of our high-rise blocks are over-clad with External Wall Insulation. 23 of these blocks that previously had inefficient electric storage heaters are now linked to new district heating plants fuelled by bio-mass systems using wood pellets to generate power. At the same time as the External Wall Insulation and Biomass installs are completed we are undertaking work on signage, fencing, entrance lobbies and doors (with new entry systems) and bin-store doors have also been replaced to add to the transformation. 10 blocks have also received new windows and the finishing details will continue for a few months with the overall benefits for our residents proving to be substantial in terms of reduced energy bills and the overall appearance of the area has improved substantially.

We have continued with our programme to replace old and inefficient heating systems that were not replaced during Decent Homes with another 330 new heating systems fitted this year. Because we are still concerned about the rising cost of heating for our tenants, we continue to promote energy switching to all as well as EBICo, which is an ethical fuel provider that has no standing charges.

We are in year two of a 5-year programme of electrical testing in all of our properties and although there is no statutory duty to do so, we believe this complements our annual gas servicing programme with a further 2,167 properties checked totalling 4,041 to date.

Continuous service improvement still underpins everything that we do and we monitor service delivery rigorously. We continue to engage tenants through the Scrutiny Committee as well as staff at all levels in the development of our Business Development Plan. Over the year, the Tenant Scrutiny Committee has really got into its stride as the formal quarterly meetings are supplemented by other meetings to monitor progress on the work that they have commissioned as well as work on our annual performance report to tenants. This year the Committee has looked at voids performance, repairs completed right first time and the formal complaints policy. The Committee also reviews trends in a range of key performance indicators as well as complaints and compliments. Their formal reports to the Board have now become a standard part of the overall governance arrangements for SCH and their contribution is valued by the Board Members as their "eyes and ears" to what is happening on the ground. We continue to work to improve our complaints handling in terms of the speed of our response and most importantly the quality of our responses.

Strategic Report

31 March 2015

(continued)

We have carried out a wide range of consultation during the last year including the new powers to tackle anti-social behaviour which culminated in a new policy being drafted. In support of the new lettable standard for void properties we have recruited 10 new tenant void inspectors to give us a customer perspective when inspecting empty properties with a view this will improve satisfaction and reduce the need for repairs immediately after lettings. We have also continued to hold "Hot Topic" sessions that any tenant or leaseholder can attend. Topics are selected from a range of sources including complaint trends and the work of the Tenant Scrutiny Committee in monitoring performance. These are advertised in advance through our newsletters and social media and have generally seen a positive and enthusiastic turnout leading to a good level of discussion and debate. So far this new approach is proving successful and the outcomes have been very useful in shaping the way in which we communicate with tenants. Topics reviewed this year have included a new pet's policy, the complaints policy and how tenant board members should be appointed.

We continue to work closely with the Council across all areas. We believe that all of the residents of Solihull (not just the tenants that we serve) can gain from an effective collaborative approach that helps the Council to deliver across their wider objectives in areas that are outside the core housing management contract. Our involvement this year has especially been around services for the elderly and vulnerable as well as the wider Adult Social Care agenda. The launch of our more flexible alarm monitoring service in April 2013 has gone well and we were successful in securing a contract for the Council's borough-wide telecare services across the borough. This service will install and monitor equipment such as movement sensors that provide increased peace of mind and security for relatives, carers and vulnerable residents themselves that wish to live independently. This contract will be delivered in partnership with Tynetec (specialist equipment providers) and Eldercare (who provide the monitoring service). Most importantly, we see this as another step along the road to a wider service provision in this key area. Both Safe & Sound and Solihull Independent Living (SIL) worked closely with Adult Social Care during 2014/15 to shape service change necessary to meet the requirements set out in the Care Act. SCH service provision during 2015/16 will be redesigned to deliver services to residents from a focus of 'Wellbeing'. Safe & Sound led SCH's success in becoming a 'Dementia Friendly' Organisation. Furthermore in April 2015 Safe & Sound was awarded an accolade for the service provision as winners of 'Solihull Together for Better Lives Award' -winning the Chairman's Award to acknowledge excellent service delivery to older and vulnerable residents across Solihull.

The strength of our financial culture has continued in 2014/15 with a smooth transfer of finance staff from SCH to the Council. This strength has ensured we continued to maintain detailed budget setting and a really strong relationship between budget holders and finance staff. This helps us to ensure that all available funds are used efficiently and effectively to deliver excellent, customer-focused services.

Strategic Report

31 March 2015

(continued)

Taking all of these changes, pressures and developments into account, we are pleased with the overall outturn for the year. Our financial performance (separating out the impacts of IAS19 and taxation) against budget and the previous year can be summarised as follows:

	2014/15 Actual £'000	2014/15 Budget £'000	2013/14 Actual £'000
Revenue			
Income	21,648	21,100	20,554
Expenditure	(21,288)	(21,100)	(20,141)
Surplus	360	0	413
Capital			
Income	16,848	18,448	16,335
Expenditure	(16,848)	(18,448)	(17,335)
Surplus	0	0	(1,000)
Combined			
Income	38,496	39,548	36,889
Expenditure	(38,136)	(39,548)	(37,476)
Operating surplus/(deficit)	360	0	(587)
Corporation tax	(20)	0	(15)
IAS19 Pension Adjustments	(683)	0	(1,445)
Surplus/(Deficit) per Income Statement	(343)	0	(2,047)

Two years ago we launched a 5-year Business Plan that flows from our vision "Put our customers first, be forward thinking and pursue opportunities for growth". The plan has a number of key aims; facing up to welfare reform, growing our stock, expanding our offer to the elderly and vulnerable members of the community and improving access to jobs and training for our tenants. In all of these areas we are looking to grow SCH as a business as well as supporting the Council wherever we can. The annual service development plan reflected these strands and showed a range of new initiatives that we believe will contribute over time to the achievement of the objectives set out in the Business Plan and our vision – initiatives such as the repairs service for private landlords and the telecare contract are just two examples of these new strands of work.

Approval

The report of the Directors was approved by the Board on 20 July 2015 and signed on its behalf by:



Dr AGC Lane
Chairman
20 July 2015

Report of the Directors

31 March 2015

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

Principal Activities

The principal activity of the Company is the management and maintenance of social housing stock and other related activities.

Directors and Chief Officers

The Directors and Chief Officers of the company during the year and subsequently are set out on page 1. SCH also has the following committees who have responsibility for specific areas:

Finance and Asset Management Committee

Audit Committee

Human Resources and Remuneration Committee.

Employees

We remain committed to ensuring that our employees are fully engaged with the work that we do and the future plans for the business. We have a clear programme of communication and engagement with all staff including regular face to face team briefs, an extensive intranet site and staff newsletters as well as team meetings and briefings. We have clear lines of communication and reporting and well documented procedures for staff to raise concerns and issues and welcome and respond to feedback from staff at all levels of the business. We have an innovative staff suggestion scheme that sees positive engagement from a wide range of staff at all levels.

We recognise that without a well-trained and highly motivated workforce, we will not be able to continue to meet the challenging performance and service improvement targets that we set ourselves. We continue to support many staff members through professional training in their chosen area or in more basic skills training that helps them to do their job better. Every individual member of staff is challenged to take responsibility for their own performance and development – they achieve this through a combination of the formal and the informal - annual appraisal and progress monitoring with line managers throughout the year.

Our staff support package includes access to occupational health, counselling and financial and other support services where these are necessary. In addition, we have a positive relationship with our recognised trade unions (UNITE and UNISON), meeting regularly with them to discuss changes and new policies that affect staff.

Our employment policies (including recruitment) clearly commit us to ensuring that every stage of employment starting with the application stage is transparent and fair. Assessment is based on the skills and aptitudes necessary to carry out a role regardless of any disability or personal attributes (including age, race, nationality, religion, gender and sexual orientation). When an employee becomes disabled during their employment, we work with them to make arrangements that will enable them to continue their employment with us as far as is practicable, through changes in working arrangements, or training for a change of role. The training and development programmes previously outlined are open to all staff and are tailored to take into account the personal needs of each member of staff as an individual as well as meeting the expectations of SCH as a business.

Information as required by Schedule 7 of the Large and Medium-Sized Companies and Groups (Accounts and reports) Regulations 2008 has been included in the Strategic Report, and in pages 25-26 of the financial statements.

Disclosure of information to auditors

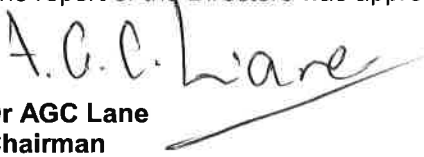
The Directors and Chief Officers who were in office on the date of approval of these statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the Directors and Chief Officers have confirmed that they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditors.

Auditors

A resolution to reappoint Baker Tilly UK Audit LLP, Chartered Accountants as auditor was agreed by the Board at the 2014 Annual General Meeting.

Approval

The report of the Directors was approved by the Board on 20 July 2015 and signed on its behalf by:

A handwritten signature in black ink that reads "A.G.C. Lane". The signature is written in a cursive style and is positioned above a horizontal line that extends to the right.

Dr AGC Lane
Chairman
20 July 2015

Statement of Directors' Responsibilities for the Financial Statements

The Directors are responsible for preparing the Strategic Report and the Directors report and the 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 International Financial Reporting Standards ("IFRS") as adopted by the European Union.

The financial statements are required by law and IFRS as adopted by the EU to present fairly the financial position and performance of the company. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statement giving a true and fair view are references to their achieving a fair presentation.

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 company and of the profit or loss of the company for that period.

In preparing those financial statements, the Directors are required to:

- a) select suitable accounting policies and then apply them consistently;
- b) make judgements and accounting estimates that are reasonable and prudent;
- c) state whether they have been prepared in accordance with IFRS as adopted by the EU;
- d) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate 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. 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.

The Board is responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement on Internal Control

31 March 2015

The Board acknowledges its overall responsibility for establishing and maintaining a system of governance, risk management and internal control and for reviewing its effectiveness. These systems are designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and to provide reasonable, and not absolute, assurance against material misstatement or loss.

Although there is already a strong framework in place, we have continued to refine (as well as monitor) the processes for identifying, evaluating and managing the significant risks faced by the company. The year ended 31 March 2015 has seen further development of the internal control framework including the implementation of changes to remedy weaknesses that were identified at the end of 2013/14.

The key elements of the control framework in place during the year include:

- Board approved terms of reference and clearly delegated authorities for the Board Committees (that include responsibility for both Financial and Audit matters) as well as the independent Tenant Scrutiny Committee that considers performance and service improvement.
- Formally adopted Standing Orders (incorporating Rules for Contract and Financial Regulations) that set out the arrangements for the supervision and control of the finances, assets and other resources of the company. Detailed guidance notes are available on the Company's Intranet site, standard monitoring and approval documentation and for high value contracts an independent challenge Board to assess progress in tendering and then managing each contract.
- Formal processes and guidance based on Standing Orders to delegate financial authority limits from the Board down to relevant budget holders.
- Robust strategic and business planning processes.
- Formal reviews of the company's Corporate Risk Register (and supporting service Risk Registers), which sets out the identified risks and the mitigating actions in place to deal with these risks as well as clearly defined management responsibilities for their identification, evaluation and control.
- Detailed financial annual budgets, a 5-year medium term financial plan and a 30-year financial Business Plan, supported by regular monitoring meetings with individual budget holders and at directorate level, as well as formal, scheduled reporting to the Senior Management team and the relevant Board committees.
- A formal programme of internal audit work, carried out by officers independent of the executive. Reports and recommendations are agreed by senior management as well as being considered in detail by the Audit Committee.
- Formal and independent annual external audit of reported financial performance and the processes that underpin it.
- Monthly monitoring of an agreed suite of performance indicators (both local and national) at team and corporate level and by the independent Tenant Scrutiny Committee, who then report directly to the Board.
- Established authorisation and appraisal procedures for all significant new initiatives and commitments.
- Regular reporting to senior management and the board of key business objectives, targets and outcomes.
- Introduction of Board member appraisals and member training programme delivered through quarterly away days.
- Formal recruitment, retention, training and development policies for staff that incorporate annual appraisals of performance against targets that are consistent with the Business Plan and corporate objectives.
- Board approved anti-fraud and corruption policies and clearly documented guidance and procedures for reporting conflicts of interest and the receipt of gifts and hospitality, including a mandatory annual declaration of interests by all staff and Board Members.
- Detailed policies and procedures in each area of the company's work.

The Board met for 4 mandatory "away days" during the year, with a wide agenda to discuss the key issues facing the company in more detail. These included shaping the future leadership structure and service offer, governance arrangements, customer complaints, Council priorities, policing in Solihull, potential commercial development, Housing finance and equalities.

Statement on Internal Control

31 March 2015
(continued)

The Board continued to deliver their agreed action plan in relation to implementing recommendations from the review of the HCA standard. This included introducing individual appraisals, consulting with tenants about the tenant board members selection process and the possibility of board member remuneration. Some of these changes would require the company articles to be revised and Council agreement so work will continue into 2015/16 on some issues.

New members of the Board have followed a personal induction programme designed to ensure that their understanding of the business is sufficient to enable them to play an active part in decision-making.

During the year, the Board once again reviewed Standing Orders (incorporating Rules for Contracts). There were some significant changes this year due to the senior management restructure and the introduction of the new shared service arrangements put in place. The delegation of authority levels across SCH has also been formally reviewed and updated to reflect changes in staffing and structure and every member of staff (as well as board members) was again required to make a formal annual declaration of interests as at 31 March 2015.

We have a flexible structure of meetings across the various tiers of management that focus on collaborative working throughout the organisation and we review the effectiveness of this approach regularly. The new structure has seen the introduction of Executive Management Team, consisting of Chief Officers and the continuation of Senior Management Team (Heads of Service). These higher level formal meetings work alongside more traditional team meetings that focus on service delivery, for example the new standard and void management process was implemented in 2014/15 as a result of cross-team working.

Our vision to set the customer at the heart of everything that we do continues to underpin all of our activities and we therefore have a clear focus on strong embedded performance management. We look to achieve high levels of customer service in all areas of our business – whether the customer is an external or internal one. The achievement of this aim is delivered in many different ways; through personal and team targets and through regular discussion at individual and team meetings. We have seen positive engagement from staff at all levels with the “Thinkchange” ideas initiative and this year we extended this to tenants giving an interactive platform for them to put forward ideas.

Our Health & Safety support has changed from one officer employed by the Company to the Council's Health and Safety Team. This has provided the Company with a more effective supporting arrangement and a recent audit of the health and safety arrangements has been carried out by the Council's Health and Safety Team Manager. This identified that the commitment to health and safety throughout SCH was very strong and this was confirmed by the audits carried out on individual teams during the 2014/15 period and the reduction of Reportable Incidents (to the HSE) for staff and tenants. We have continued to hold a Corporate Health and Safety cross-team working group who ensured that the relevant work plans have been introduced and completed within the agreed time scales.

There is always a case for continual improvement and for 2015/16 the Health and Safety support team will assist us to achieve this, primarily this will be to make the risk assessment and safe systems of work less onerous and provide more bespoke health and safety training. Full details are included in the SCH 2014/15 Annual Health and Safety Report.

Despite 2014/15 being a year of organisational change, a strong financial and performance monitoring regime has continued. Designated finance representatives for each service continued to work closely with budget holders during the year and our budget management was again strong. We have updated the 30-year HRA Business Plan principally to reflect the changing guidance around annual rent increases, enabling us to use this to inform our revenue and capital budgets for 2015/16 and update the medium-term capital programme. Future years will begin to give a new challenge for the company as limitations on rent increases, the potential impact of welfare reform and general cost inflation will require us to identify savings. Budget setting remains a challenge in this context and we will monitor our delivery of savings during 2015/16 to ensure we stay on track.

Statement on Internal Control

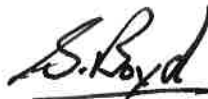
31 March 2015
(continued)

We set a Delivery Plan, supported by detailed service Delivery Plans that aimed to maintain and improve on our services and we broadly delivered as planned. Many of these improvements are focussed on streamlining services and particularly customer contact in some of our most stretched areas including homelessness, allocations and neighbourhood services. During 2014/15, we implemented a new housing management system for repairs, stores and appointments. This was a significant project that went live in May 2014 and has now embedded well. At the end of the year, we have subsequently agreed to migrate systems for Rent Control, Leaseholders, Arrears Collection, Asset Management and Neighbourhood Services to Open Housing software, with a 2-year implementation programme that will start in 2015/16.

The Board cannot delegate ultimate responsibility for the system of internal control, but it can, and has, delegated authority to the Audit Committee to regularly review the effectiveness of many of the key elements of the control framework. The Board has received reports this year from the Audit Committee covering financial management and external and internal audit. The Board has reserved the review of the remaining key elements (in particular Risk and Health & Safety) to itself and receives reports on a regular basis.



Dr AGC Lane
Chairman



S Boyd
Chief Executive

20 July 2015

Report of the Independent Auditor to the member of Solihull Community Housing Limited

We have audited the financial statements on pages 16 to 40. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's member, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the 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 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 directors and auditor

As more fully explained in the Directors' Responsibilities Statement set out on page 11 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the provisions of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' 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 requires us to report to you if, in our opinion:

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

STEPHANIE WARBOYS (Senior Statutory Auditor)
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor
Chartered Accountants
St Philips Point
Temple Row
Birmingham
B2 5AF

Date 29th July 2015

Income Statement and Statement of Comprehensive Income

for the year ended 31 March 2015

	Note	2015 £'000	2014 £'000
REVENUE	1	38,496	36,889
Operating expenses		(38,493)	(38,335)
<hr/>			
PROFIT/(LOSS) FROM OPERATIONS	3	3	(1,446)
Finance costs	4	(326)	(586)
<hr/>			
LOSS BEFORE TAXATION		(323)	(2,032)
Income Tax expense	6	(20)	(15)
LOSS FOR THE YEAR	14	(343)	(2,047)
<hr/> <hr/>			
OTHER COMPREHENSIVE (EXPENDITURE)/INCOME, NET OF TAX			
Actuarial (losses) and gains on defined benefit obligations	17	(4,720)	7,975
TOTAL COMPREHENSIVE (EXPENDITURE)/INCOME FOR THE YEAR		(5,063)	5,928
<hr/> <hr/>			

The loss from operations for the year arises from the Company's continuing operations.

The loss for the year is entirely attributable to its sole member (note 13).

Statement of Changes in Equity

for the year ended 31 March 2015

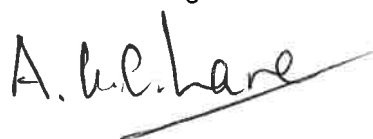
	Note	Retained Earnings £'000
BALANCE AT 31 March 2013		(10,696)
Loss for the financial year to 31 March 2014	14	(2,047)
Actuarial gain relating to the pension scheme	17	7,975
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		5,928
BALANCE AT 31 March 2014		(4,768)
Loss for the financial year to 31 March 2015		(343)
Actuarial loss relating to the pension scheme	17	(4,720)
TOTAL COMPREHENSIVE EXPENDITURE FOR THE YEAR		(5,063)
BALANCE AT 31 MARCH 2015		(9,831)

Balance Sheet

at 31 March 2015

	Note	2015 £'000	2014 £'000
ASSETS			
NON CURRENT ASSETS			
Property	8	1,655	1,695
CURRENT ASSETS			
Inventories	9	139	94
Trade and other receivables	7/10	1,157	2,960
Cash and cash equivalents	7/15	5,522	3,987
Other current financial assets	7	-	57
TOTAL ASSETS		8,473	8,793
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	7/11	(5,099)	(5,676)
Current tax liabilities	6	(20)	(20)
Borrowings	7/12	(28)	(83)
		(5,147)	(5,779)
NON CURRENT LIABILITIES			
Borrowings	7/12	(640)	(668)
Retirement benefit net obligations	17	(12,517)	(7,114)
TOTAL LIABILITIES		(18,304)	(13,561)
NET LIABILITIES		(9,831)	(4,768)
EQUITY – attributable to owners of parent			
Retained earnings	14	(9,831)	(4,768)
TOTAL EQUITY – ATTRIBUTABLE TO MEMBER		(9,831)	(4,768)

The financial statements on pages 16 to 40 were approved by the Board and authorised for issue on 20 July 2015 and are signed on their behalf by:



Dr AGC Lane
Chairman



Mrs P. L. Smith
Chair of Audit Committee

Statement of Cash Flows

for the year ended 31 March 2015

	Note	2015 £'000	2014 £'000
OPERATING ACTIVITIES			
Cash generated from operations	15	1,611	135
Interest paid	4	(30)	(31)
Corporation Tax paid		(20)	(17)
NET CASH GENERATED FROM OPERATING ACTIVITIES		1,561	87
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	8	-	(40)
Loans repaid	7	57	114
NET CASH USED IN INVESTING ACTIVITIES		57	74
FINANCING ACTIVITIES			
Repayments of borrowings	12	(83)	(140)
NET CASH FROM FINANCING ACTIVITIES		(83)	(140)
NET INCREASE IN CASH AND CASH EQUIVALENTS		1,535	21
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		3,987	3,966
CASH AND CASH EQUIVALENTS AT END OF YEAR	15	5,522	3,987

Significant Accounting Policies

31 March 2015

BASIS OF ACCOUNTING

The financial statements have been prepared on the historical cost basis. The principal accounting policies are set out below. The financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations as endorsed by the EU ("IFRS") and the requirements of the Companies Act 2006 applicable to companies reporting under IFRS.

GOING CONCERN

The accounts have been prepared on a going concern basis. The Strategic Report sets out the basis on which the directors have been able to make this assumption. This includes consideration of the trading activities of the company along with the new five-year rolling Management Agreement signed on the 24th April 2015 with an initial end date of 31 March 2020.

REVENUE

Revenue consists of the invoiced value (excluding VAT) for goods and services supplied. The revenue taken to the Income Statement reflects the company's right to consideration in exchange for performance.

Revenue is recognised when revenue and associated costs can be measured reliably and future economic benefits are probable. Revenue is measured at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

Revenue from services is recognised on a time-apportioned basis by reference to the provision of services set out in the Management Agreement, applicable Service Level Agreement or contract for services.

Sales of goods or property are recognised when goods are delivered and title has passed. Delivery occurs when the risks and rewards of ownership have been transferred to the customer.

PROPERTY

Housing properties are initially recorded at cost less any identified impairment loss until the first revaluation. Completed properties are re-valued every 5 years at Existing Use Value (Social Housing). All amounts exceeding the previous value are credited to the revaluation reserve. Depreciation of these assets commences when the assets are ready for their intended use.

DEPRECIATION

Depreciation is calculated so as to write off the cost or revalued amount of an asset, less its estimated residual value, over the useful economic life of that asset. Depreciation is calculated using the straight line method at rates set out below. A full year's depreciation is charged in the year of acquisition and no depreciation in the year of disposal.

Housing Properties

Freehold Land and Assets in the Course of Construction are not depreciated.

In accordance with International Accounting Standard 16 (IAS16), SCH's housing properties are split into their underlying components as defined by the BCIS "Component Life Survey" and each component is depreciated separately. SCH uses the following components with useful lives as shown:

- Substructure (over 50 years)
- Superstructure (over 50 years)
- Internal Finishes (over 40 years)
- Fittings (over 15 years)
- Services (over 25 years)
- External works (over 35 years)

Significant Accounting Policies

31 March 2015

(continued)

DEPRECIATION (continued)

Housing Properties

Depreciation is calculated on each component of the asset so as to write off the cost, less its estimated residual value, over the lower of 50 years or the useful economic life of each component. The useful economic life is determined separately for each development.

Revaluation gains and losses are applied across land and structure as appropriate.

IMPAIRMENT OF PROPERTY

At each reporting date, the Company reviews the carrying amounts of its property assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a re-valued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at a re-valued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

INVESTMENT AND SHARED OWNERSHIP PROPERTIES

Properties acquired or constructed for re-sale are recorded as a current asset (within Inventories) at the lower of cost or net realisable value, net of any applicable capital grant. Net realisable value represents the estimated selling price less all estimated costs to completion and selling costs.

Where a property is acquired for re-sale on shared ownership terms, the proportion of the asset related to the first "tranche" for sale is recorded as a current asset (as set out above). The balance is held as a non-current asset within Housing Properties and depreciated accordingly.

Revenue from the initial "tranche" sales of Shared Ownership properties is recognised as sales income.

Sales of subsequent tranches are recognised as the disposal of a non-current asset, with the profit or loss on disposal being charged or credited to the Statement of Comprehensive Income.

GRANTS

Grants in respect of revenue activities are credited to the Statement of Comprehensive Income in the same period as the expenditure to which they contribute.

Grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received. Capital grants relating to property, plant are deducted from the cost of the relevant non-current asset.

Grants related to mixed tenure developments are apportioned across the relevant current and non-current assets. The proportion relating to non-current assets is deducted from the cost of the relevant asset.

INVENTORIES (excluding Investment and Shared ownership properties)

Inventories are stated at the lower of cost and estimated value in use. Cost comprises direct material costs and (where applicable), direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the First in First Out (FIFO) method.

LEASES

Leases in which a significant proportion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged against profit or loss on a straight line basis over the period of the lease.

Significant Accounting Policies

31 March 2015
(continued)

LEASES (continued)

Where SCH has substantially all the risks and rewards of ownership, these are classed as finance leases. Finance leases are capitalised at the commencement of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the balance outstanding. The corresponding rental obligations, net of finance charges, are shown in other payables. The property acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised when the Company has become a party to the contractual provisions of the instrument.

Financial assets

Trade receivables: Trade receivables are classified as loans and receivables and are initially recognised at fair value. They are subsequently measured at their amortised cost using the effective interest method less any provision for impairment.

A provision for impairment is made where, in the opinion of the Directors, there is a reasonable likelihood that amounts will not be recovered in accordance with the original terms of the agreement. The level of the provision depends on the nature of the debt and the customer's payment history. The carrying value of the receivable is reduced through the use of an allowance account and any impairment loss is recognised in the Statement of Comprehensive Income.

Cash and cash equivalents/liquid resources: Cash and cash equivalents comprise cash at bank and in hand and other short-term deposits held by the Company with maturities of less than three months. Bank overdrafts are presented within current liabilities.

Financial liabilities:

Financial liabilities are classified according to the substance of the contractual arrangements entered into.

Bank borrowings: Interest-bearing bank loans and overdrafts are recorded initially at their fair value, net of direct transaction costs. Such instruments are subsequently carried at their amortised cost and finance charges, including premiums payable on settlement or redemption, are recognised in the Income Statement over the term of the instrument using an effective rate of interest.

Trade payables: Trade payables are initially recognised at fair value and subsequently at amortised cost using the effective interest method.

TAXATION

The relationship between the Company and its parent undertaking has been recognised as non-trading in nature. Consequently, any activities that the Company carries on with its parent under its Management Agreement are not liable to corporation tax.

Where the Company has trading income from outside its parent company, this may be liable to Corporation Tax. The tax payable is based on taxable profit for the year. Taxable profit differs from accounting profit as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is measured using tax rates that have been enacted or substantively enacted by the reporting date.

The tax expense represents the sum of the current tax expense and deferred tax expense.

DEFERRED TAXATION

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Deferred tax is provided, except as noted below, on timing differences that have arisen but not reversed by the balance sheet date, where the timing differences result in an obligation to pay more tax, or a right to pay less tax, in the future. Timing differences arise because of differences between the treatment of certain items for accounting and taxation purposes.

Significant Accounting Policies

31 March 2015

(continued)

DEFERRED TAXATION (continued)

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

Deferred tax is measured at the tax rates that are expected to apply in the periods when the timing differences are expected to reverse, based on tax rates and law enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

Where law or accounting standards require gains and losses to be recognised in the Statement of Changes in Equity, the related taxation is also taken directly to the Statement of Changes in Equity in due course.

PENSIONS

All permanent employees of the Company are entitled to join the "defined benefit" pension scheme, the West Midlands Metropolitan Authorities Pension Fund, which is administered by Wolverhampton City Council and provides members with defined benefits related to pay and service. During the year, the Company paid an employer's contribution rate of 13.8% (2014: 12.0%) into the fund in addition to meeting all pension payments relating to added years benefits awarded during the year, together with any related increases.

In accordance with IAS 19 "Employee benefits" revised, the service cost of the pension provision relating to the period, together with the cost of any benefits relating to past service, and the administration cost is charged to the Income Statement. A net interest charge on the defined benefit liability based on the discount rate at the start of the year is included in the Income Statement under "Finance costs".

The difference between the market value of the assets of the scheme and the present value of the accrued pension liabilities is shown as an asset or liability on the balance sheet net of deferred tax. Any difference between the expected return on assets and that actually achieved is recognised in the Statement of Changes in Equity along with differences arising from experience or assumption (financial and demographic) changes.

Further information on pension arrangements is set out in note 17 to the accounts.

STANDARDS ADOPTED EARLY BY THE COMPANY

The Company has not adopted any standards or interpretations early in either the current or the preceding financial year.

Significant Accounting Policies

31 March 2015

(continued)

STANDARDS ISSUED AS AT 31 MARCH 2015 BUT NOT YET EFFECTIVE

At the date of authorisation of these financial statements the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

IFRS 8 Operating Segments

IAS 16 Property, Plant and Equipment

IAS 24 Related Party Disclosures

IFRS 7 Financial Instruments – Disclosure

IFRS 9 Financial Instruments (including Amendment issued 16 Dec 11 and 19 Nov 2013)

IAS 1 Disclosure Initiative

The Directors and Chief Officers anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Company when the relevant standards and interpretations come into effect.

Areas of Judgement and Risk Management

31 March 2015

CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

The Company makes estimates and assumptions concerning the future that are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results.

The Strategic report set out on pages 4 to 8 of these accounts sets out a commentary on the current and future trading activities of the Company as well as the key risks underlying its operations. The evidence gathered in this exercise forms a key element of the Chief Officers assessment of whether SCH continues to be a going concern.

The only estimate (and related assumptions) that has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities is considered to relate to the pension scheme. The detailed assumptions in this regard are set out in Note 17 to the accounts. Solihull Community Housing's ("SCH") parent, Solihull MBC confirms on an annual basis that they expect SCH to make best endeavours to maintain a fully funded scheme by complying with any guidance issued by the actuary with regard to contribution levels.

In considering whether the Company will be able to meet these future pension contributions, the Strategic Review set out on pages 4 to 8 of these accounts demonstrates the reasons why SCH expects to continue to make sufficient cash surpluses to do so.

FINANCIAL RISK MANAGEMENT

The Board of SCH is responsible for identifying, evaluating and managing the significant risks faced by the company. The Chair of the Audit Committee jointly champions risk management (including the management of financial risks) throughout SCH on an ongoing basis together with the Assistant Director of Finance and Property Services (SMBC).

The Chief Executive and SCH's Senior Management Team (SMT) are collectively responsible for managing strategic risks as well as being responsible for managing operational risks in their individual areas of responsibility.

SCH maintains a Corporate Risk register and each Head of Service maintains a supporting Service Risk Register. These registers set out the identified risks and the mitigating actions in place to deal with these risks, as well as clearly defined management responsibilities for their identification, evaluation and control. SMT carry out formal reviews of the registers and report the strategic risks to the Board twice a year. From 2015/16 this responsibility will lie with the renamed Executive Management Team (EMT).

Monitoring exposure to financial risks forms a key part of SCH's overall risk management processes. The Statement on Internal Control set out on pages 12 to 14 of these accounts sets out a more detailed explanation of SCH's approach to the management of both financial and operational risk.

Liquidity Risk and Credit Risk

SCH's objective is to meet its liabilities as they fall due whilst maintaining sufficient funds to enable the Company to react to unexpected changes in market conditions.

The Company is largely dependent on its largest customer, Solihull MBC. The Capital and Revenue Management Fees and income from Service Level Agreements from SMBC represent 97% (2014: 98%) of SCH's income and are receivable monthly in advance. SCH is dependent on Management Fee income in order to maintain the necessary cash flow to operate effectively.

Solihull Community Housing is exposed to liquidity risk principally in the event that the Council were to experience cash flow difficulties in paying the management fee monthly. It is considered by the Board that the likelihood of this risk arising is remote.

Areas of Judgement and Risk Management

31 March 2015

(continued)

Liquidity Risk and Credit Risk (continued)

The Company's maximum exposure to credit risk, gross of any collateral held, relating to its financial assets is equivalent to their carrying value. All financial assets have a fair value which is equal to their carrying value.

Credit risk predominantly arises from trade receivables – of the Company's total 2015 financial assets, £806,000 (2014: £2,820,000) is owed to the Company by Solihull MBC and the Board therefore also consider that the likelihood of this risk arising is remote. The remainder are cash/cash equivalents and amounts due from third parties. Other trade receivables are limited in value.

SCH has joint banking arrangements with Solihull MBC but the Company's arrangements reflect its independence (e.g. a separate bank account, bank mandate and signatories).

SMBC carries out Treasury Management on behalf of SCH under a Service Level Agreement (SLA). Surplus funds for both SMBC and SCH are pooled and deposited overnight and on longer arrangements, under a formal agreement between the two parties. The resulting interest is credited to the Council's Housing Revenue Account (HRA), and thus supplements the Management Fee payable to SCH.

Interest rate risk

SCH's interest rate risk is limited to the following areas:

- The rate that the Housing Revenue Account (HRA) earns on its balances – which directly affects the management fee payable to SCH (see above).
- Solihull MBC's Consolidated Rate of Interest (CRI) on the loan to finance SCH's developments and Planned Preventative Maintenance programme

All the Company's 2015 and 2014 Financial Assets are non-interest bearing.

All the Company's 2015 and 2014 Trade and Other Payables are non-interest bearing. The interest rates applicable to the Company's 2015 and 2014 Borrowings are set out in Note 12 to these accounts, where these amounts are analysed by interest type.

Capital Management

The Company's main objective when managing capital is to ensure that it maintains sufficient capital to ensure that the Council's tenants continue to receive an excellent housing management service from the Company. The level of management fee agreed with the Council annually in respect of the Management Agreement and the Company's level of operating efficiency are the principal determinants of the level of equity that the Company is able to retain. As a company limited by guarantee, the only equity / capital of the Company is represented by its retained earnings reserves.

The Company's level of debt is not significant. "Net debt" is defined as including short and long-term borrowings (including overdrafts and lease obligations) net of cash and cash equivalents and represents net positive funds of £4,854,000 at 31 March 2015 (2014: £3,236,000).

The Company does not have any externally imposed capital requirements and has not made any changes to its capital management during the year.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2015

1. REVENUE

Revenue is generated wholly in the United Kingdom and derived from the Company's principal activity of housing management, including rental of properties.

2. SEGMENT INFORMATION

IFRS8 requires the provision of segmental information for the Company on the basis of information reported internally to the chief operating decision-maker for decision-making purposes. The Company considers that the role of chief operating decision-maker is performed by the Company's Board of Directors and all results are reported as a single segment.

3. PROFIT/(LOSS) FROM OPERATIONS

Profit/(Loss) from operations is stated after charging:

	2015	2014
	£'000	£'000
Inventories		
- cost of inventory recognised as an expense	1,238	1,193
- amounts written off	1	2
Depreciation of owned property, plant and equipment	40	40
Auditor's fees:		
- On audit services	17	25
- On taxation	1	4
- For other services	-	2
Rentals under operating leases	386	356

The following table analyses the nature of expenses:

		2015	2014
		£'000	£'000
Staff costs	5	11,427	11,785
Depreciation, amortisation and impairments	8	40	40
Property works		21,330	21,479
Housing Management and Maintenance		3,664	3,296
Finance		551	614
Corporate Services		1,481	1,121
Total expenditure		<u>38,493</u>	<u>38,335</u>

4. FINANCE COSTS

		2015	2014
		£'000	£'000
Interest on net pension liability	17	(296)	(555)
Prudential borrowing interest		(30)	(31)
		<u>(326)</u>	<u>(586)</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2015
(continued)

5. STAFF COSTS

The average monthly number of persons employed by the Company during the year was:

	2015	2014
Executive Management Team	4	4
Housing Management and Maintenance	227	219
Finance	16	23
Corporate Services	39	54
	<u>286</u>	<u>300</u>

Staff costs, including directors:

	2015	2014
	£'000	£'000
Wages and salaries	8,257	8,540
Agency costs	853	824
Social security costs	614	651
Other pension costs	1,430	1,770
Modernisation and redundancy costs	273	-
	<u>11,427</u>	<u>11,785</u>

Remuneration of key management personnel

The remuneration of the Senior Management Team of the Company in aggregate is as follows:

	2015	2014
	£'000	£'000
Short term employee benefits	332	441
Termination Benefits	273	-
Post employment benefits	51	90
	<u>656</u>	<u>531</u>

The directors are defined as being the members of the Main Board of Solihull Community Housing.

None of the directors received any emoluments but were entitled to reimbursement of incidental expenses incurred when attending Board meetings and other formal events in their capacity as Board members.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2015
(continued)

6. INCOME TAX EXPENSE

ANALYSIS OF CHARGE IN YEAR

	2015	2014
	£'000	£'000
Current Tax:		
UK – Current tax	20	20
Adjustment in respect of prior year	-	(5)
	<u>20</u>	<u>15</u>
Current tax reconciliation:	2015	2014
	£'000	£'000
Loss before tax	(323)	(2,032)
Depreciation	40	40
IAS19 adjustments:		
- Other finance costs	296	555
- Past and present service costs	1,409	1,732
	<u>1,422</u>	<u>295</u>
Tax at the standard rate of corporation tax 20% (2014: 20%)	284	59
Effect of non-trading activities with member not subject to corporation tax	(264)	(39)
	<u>20</u>	<u>20</u>

Where the Company has income related to trading outside of the council, this is taxable. During the reporting year income from the ownership and management of the company's own developments was subject to Corporation Tax. A taxable profit of £99,000 (2014: £99,000) arose in the year and is reflected in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2015

(continued)

7. FINANCIAL INSTRUMENTS

Assets at fair value:		2015	2014
		£'000	£'000
Current financial assets			
Loan to SMBC (low-energy lighting)		-	57
Trade and other receivables	10	1,157	2,960
Cash and cash equivalents	15	5,522	3,987
Total loans and receivables		6,679	7,004
Liabilities at fair value:			
		2015	2014
		£'000	£'000
Current financial liabilities			
Trade and other payables	11	5,099	5,676
Borrowings	12	28	83
		5,127	5,759
Non-current financial liabilities			
Borrowings	12	640	668
Total other financial liabilities		5,767	6,427

MATURITY ANALYSISFinancial Assets

The table below analyses the Company's financial assets which are considered to be readily saleable or are expected to generate cash inflows to meet cash outflows on financial liabilities.

		2015	2014
		£'000	£'000
Within 6 Months			
Loan to SMBC (low-energy lighting)		-	57
Trade and other receivables	10	1,157	2,960
Cash and cash equivalents	15	5,522	3,987
Total		6,679	7,004

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2015

(continued)

7. FINANCIAL INSTRUMENTS (continued)Financial Liabilities

The table below analyses the Company's financial liabilities on a contractual gross undiscounted cash flow basis into maturity groupings based on amounts outstanding at 31 March 2015 up to the contractual maturity date:

		2015 £'000	2014 £'000
Within 6 Months			
Trade and other payables	11	5,099	5,676
Borrowings	12	-	57
6 Months to 1 Year			
Borrowings	12	28	26
1 to 5 Years			
Borrowings	12	640	668
Total		<u>5,767</u>	<u>6,427</u>

The Company would normally expect that sufficient cash is generated in the operating cycle to meet the contractual cash flows as disclosed above through effective cash management

8. PROPERTY

	Freehold Land	Completed Properties available for letting		Total
	£'000	Rented £'000	Shared Ownership £'000	£'000
Cost:				
At 1 April 2013	631	1,767	177	2,575
Additions	-	40	-	40
At 31 March 2014	<u>631</u>	<u>1,807</u>	<u>177</u>	<u>2,615</u>
At 31 March 2015	<u>631</u>	<u>1,807</u>	<u>177</u>	<u>2,615</u>
Capital Grants				
At 1 April 2013	-	(742)	(39)	(781)
At 31 March 2014	-	(742)	(39)	(781)
At 31 March 2015	-	(742)	(39)	(781)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2015

(continued)

8. PROPERTY (continued)

	Freehold Land	Completed Properties available for letting		Total
		Rented	Shared Ownership	
	£'000	£'000	£'000	£'000
Accumulated depreciation and any recognised impairment losses:				
At 1 April 2013	-	(85)	(14)	(99)
Charged in the year	-	(35)	(5)	(40)
At 31 March 2014	-	(120)	(19)	(139)
Charged in the year	-	(35)	(5)	(40)
At 31 March 2015	-	(155)	(24)	(179)
Net book value:				
At 31 March 2015	631	910	114	1,655
At 31 March 2014	631	945	119	1,695
At 31 March 2013	631	940	124	1,695

The depreciation expense of £40,000 (2014: £40,000) has been charged to operating expenses within the Income Statement.

9. INVENTORIES

	2015	2014
	£'000	£'000
Raw materials and consumables	139	94
	139	94

Raw materials and consumables set out above are carried at the lower of cost and net realisable value. The replacement cost of the above stocks would not be significantly different from the values stated.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2015
(continued)

10. TRADE AND OTHER RECEIVABLES

	2015	2014
	£'000	£'000
Trade receivables	832	2,766
Other receivables	166	194
Other tax and social security	159	-
	<u>1,157</u>	<u>2,960</u>

The average credit period taken on provision of services is 16 days (2014: 10 days).

An allowance has been made for estimated irrecoverables of £32,000 (2014: £27,000). This allowance has been based on the knowledge of the financial circumstances of individual customers at year-end.

The following table provides an analysis of trade and other receivables that were past due at 31 March but not impaired. The Company believes that these balances are ultimately recoverable based on a review of past payment history and the current financial status of the customers.

	2015	2014
	£'000	£'000
Up to 3 months	71	1
Up to 6 months	5	-
	<u>76</u>	<u>1</u>

	2015	2014
	£'000	£'000
The movement in the allowance account was as follows:		
Opening balance as at 1 April	27	44
Provision for receivables impairment	7	6
Receivables written off during the year	-	(19)
Unused amounts reversed	(2)	(4)
Closing balance as at 31 March	<u>32</u>	<u>27</u>

At the year end all trade and other receivables were denominated in sterling.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2015
(continued)

11. TRADE AND OTHER PAYABLES

	2015	2014
	£'000	£'000
Amounts payable relating to invoiced amounts	1,936	2,878
Accruals and deferred income	2,492	1,826
Other tax and social security	179	562
Other creditors	492	410
	<u>5,099</u>	<u>5,676</u>

All trade and other payables fall due within less than 12 months.

Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 20 days (2014: 16 days).

The Directors consider that carrying amount of trade payables approximates to their fair value.

At the year end all trade and other payables were denominated in sterling.

12. BORROWINGS

	Notes	2015	2014
		£'000	£'000
<u>Less than 1 year</u>			
Interest free loan from Salix	A	-	57
Prudential borrowing from SMBC	B	28	26
		<u>28</u>	<u>83</u>
<u>Greater than 1 year</u>			
Prudential borrowing from SMBC	B	640	668
		<u>640</u>	<u>668</u>
		<u>668</u>	<u>751</u>

Interest Rate Summary

	2015	2014
	£'000	£'000
Non-interest bearing	-	57
Floating rate	668	694
	<u>668</u>	<u>751</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2015
(continued)

12. BORROWINGS (continued)

Loan details are as follows:

- a) Interest-free loan from Salix Finance Ltd under the Energy Efficiency Loan Scheme – nil (2014: £57,000). This was repayable by equal instalments, and the last instalment was paid in September 2014.
- b) Loan from Solihull MBC to finance SCH's development of properties for rent and shared ownership - £668,000 (2014: £694,000). This is a floating rate loan repayable over 22 years. Interest is charged at the Council's Consolidated rate of Interest (CRI). The loan is secured on the developed properties.

13. COMPANY LIMITED BY GUARANTEE

The Company is limited by guarantee, incorporated in the United Kingdom, and is governed by its Memorandum and Articles of Association. The guarantor is its sole member, Solihull Metropolitan Borough Council, (see note 18) as listed in the Company's Register of Members. The liabilities in respect of the guarantee are set out in the Memorandum of Association and are limited to £1 per member of the Company.

14. RESERVES

	2015	2014
	£'000	£'000
Retained Earnings		
At 1 April	(4,768)	(10,696)
Loss for the year	(343)	(2,047)
Actuarial (loss)/gain	(4,720)	7,975
At 31 March	(9,831)	(4,768)

15. CASHFLOWS

	2015	2014
	£'000	£'000
Reconciliation of operating loss to net cash inflow / (outflow) from operating activities:		
Operating profit/(loss) before tax	3	(1,446)
Depreciation	40	40
Pension contributions paid in period	(1,043)	(864)
Pension contributions charged in the period	1,430	1,754
Increase in inventories	(45)	(14)
Decrease/(Increase) in debtors	1,803	(406)
(Decrease)/Increase in creditors	(577)	1,071
Net cash inflow from operating activities	1,611	135

CASH AND CASH EQUIVALENTS

Cash and cash equivalents represent:

	2015	2014
	£'000	£'000
Cash at bank and in hand	5,522	3,987
	5,522	3,987

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2015
(continued)

16. COMMITMENTS UNDER OPERATING LEASES

The minimum lease payments under non-cancellable operating leases are in aggregate as follows:

	Land and buildings	Land and buildings	Plant and machinery	Plant and machinery
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Total value of lease commitments				
Expiry of lease:				
Within 1 year	40	87	297	130
Between 2-5 years	-	-	774	17
After 5 years	-	-	-	-
	<u>40</u>	<u>87</u>	<u>1,071</u>	<u>147</u>

Operating lease payments represent rentals payable by the Company for office premises and equipment. Rentals on both leases are fixed throughout the term of the lease. Rentals for plant and equipment are fixed for an average of 3 years

17. RETIREMENT BENEFIT OBLIGATIONS

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out as at 31 March 2015 for the purposes of the IAS 19 valuation for inclusion in these financial statements prepared by a registered actuary engaged by Mercer Limited. The present values of the defined benefit obligation, the related current service cost and past service cost were measured using the projected unit credit method.

	2015	2014
	%	%
Key assumptions used:		
Discount rate	3.3	4.5
Future salary increases	3.8	4.2
Future pension increases	2.0	2.4

Mortality rate assumptions are based on publicly available data in the UK.

	2015	2014
The average life expectancy for a pensioner retiring at 65 on the reporting date is:		
Male	88	88
Female	91	91

	2015	2014
The average life expectancy for a pensioner retiring at 65, aged 45 at the reporting date:		
Male	90	90
Female	93	93

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2015
(continued)

17. RETIREMENT BENEFIT OBLIGATIONS (continued)

The sensitivity of the overall pension liability to changes in the weighted principal assumptions is:

	Change in Assumption	Overall Impact on Liability
Discount rate	Increase by 0.1 %	Decreased £1,250,000
Salary growth rate	Increase by 0.1 %	Increased £388,000
Rate of mortality	Increase by 1 year	Increased £1,158,000

Amounts recognised in profit or loss in respect of these defined benefit schemes are as follows:

	2015	2014
	£'000	£'000
Current service cost	1,409	1,732
Net interest on liability	296	555
Administration cost	21	22
Total operating charge	<u>1,726</u>	<u>2,309</u>

Of the charge for the year: £1,430,000 has been charged to operating costs (2014: £1,754,000)
£296,000 has been charged to finance costs (2014: £555,000).

Actuarial gains and losses are reported in the statement of comprehensive income and expense:

Loss recognised in 2015 was £4,720,000 (2014: gain of £7,975,000)
Cumulative expense is £10,800,000 (2014: £6,080,000).

The actual return on scheme assets was £6,721,000 (2014: £1,302,000).

The amounts included in the Balance Sheet arising from the Company's obligation in respect of defined benefit retirement schemes are:

	2015	2014
	£'000	£'000
Fair value of scheme assets	50,772	43,821
Present value of defined benefit contributions	(63,289)	(50,935)
Liability recognised in the Balance Sheet	<u>(12,517)</u>	<u>(7,114)</u>

Analysis for reporting purposes:

	2015	2014
	£'000	£'000
Non-current assets	13,830	12,257
Current assets	36,942	31,564
Current and non-current liabilities	<u>(63,289)</u>	<u>(50,935)</u>
	<u>(12,517)</u>	<u>(7,114)</u>

NOTES TO THE FINANCIAL STATEMENTS**for the year ended 31 March 2015****(continued)****17. RETIREMENT BENEFIT OBLIGATIONS (continued)**

Movements in the liability recognised in the Balance Sheet in the current period:	2015	2014
	£'000	£'000
At 1 April	(7,114)	(13,644)
Current Service Cost including curtailments	(1,409)	(1,732)
Interest Cost	(2,274)	(2,341)
Actuarial (losses)/gains	(4,720)	7,975
Expected return on scheme assets	1,978	1,786
Administration expenses	(21)	(22)
Employer contributions	1,043	864
At 31 March	<u>(12,517)</u>	<u>(7,114)</u>
Movements in the present value of defined benefit obligations in the current period:	2015	2014
	£'000	£'000
at 1 April	50,935	55,795
Current service cost including curtailments	1,409	1,732
Interest cost	2,274	2,341
Actuarial losses/(gains)	9,463	(8,814)
Contributions by plan participants	467	473
Benefits paid	(1,259)	(592)
at 31 March	<u>63,289</u>	<u>50,935</u>
Movement in the fair value of scheme assets in the current period:	2015	2014
	£'000	£'000
at 1 April	43,821	42,151
Expected return on scheme assets	1,978	1,786
Actuarial gains/(losses)	4,743	(839)
Administration expenses	(21)	(22)
Employer contributions	1,043	864
Employee contributions	467	473
Benefits paid	(1,259)	(592)
at 31 March	<u>50,772</u>	<u>43,821</u>

NOTES TO THE FINANCIAL STATEMENTS**for the year ended 31 March 2015****(continued)****17. RETIREMENT BENEFIT OBLIGATIONS (continued)**

Analysis of the scheme assets and the expected rate of return at the reporting date:

	Expected return		Fair value of assets	
	%	%	£'000	£'000
	2015	2014	2015	2014
Equity instruments	6.5	7.0	29,992	25,513
Debt instruments	2.6	3.9	9,398	8,309
Property	5.9	6.2	4,432	3,948
Alternatives	6.5	7.0	4,874	4,868
Cash	0.5	0.5	2,076	1,183
	5.4	6.1	50,772	43,821

The expected rates of return on categories of plan assets are determined by reference to relevant indices. The overall expected rate of return is calculated by weighting the individual rates in accordance with the anticipated balance in the plan's investment portfolio.

The five year history of experience adjustments are as follows:

	2015	2014	2013	2012	2011
	£'000	£'000	£'000	£'000	£'000
Fair value of plan assets at 31 March	50,772	43,821	42,151	37,012	34,927
Present value of defined obligation at 31 March	(63,289)	(50,935)	(55,795)	(45,583)	(39,805)
Deficit in the plan	(12,517)	(7,114)	(13,644)	(8,571)	(4,878)
Re-measurement on Assets	4,743	(839)	2,779	(1,600)	1,245
Experience adjustments arising on plan liabilities	-	(3,505)	-	-	541
Loss/(Gain) on financial assumptions	9,463	(5,687)	6,329	-	-
Loss on demographic assumptions	-	378	603	-	-

The estimated amounts of contributions expected to be paid to the scheme during the financial year ending 31 March 2016 is £1,047,000.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2015
(continued)

18. RELATED PARTY TRANSACTIONS

The Company's parent and ultimate parent is Solihull Metropolitan Borough Council. Their consolidated Financial Statements are available from Solihull Metropolitan Borough Council, The Council House Complex, Manor Square, Solihull, B91 3QB.

Solihull Community Housing Limited is an Arms Length Management Organisation with a contract from the ultimate parent (Solihull Metropolitan Borough Council) which passes on responsibility for the management and maintenance of the Council's homes and other related buildings.

	2015	2014
	£'000	£'000
During the year the company:		
- supplied goods and services to SMBC	37,788	36,327
- purchased goods and services from SMBC	3,685	2,789
At 31 March		
- included in year-end Debtors owed by SMBC	806	2,820
- included in year-end Creditors owing to SMBC	2,012	1,480
- Net balance due (to)/from SMBC	<u>(1,206)</u>	<u>1,340</u>

Included in the above figures is a loan from SMBC to fund SCH's own development of properties for rent and shared ownership. Further details are set out in note 12. The loan is secured against the assets that it was used to develop. As at 31 March 2015 the balance outstanding was £668,000 (2014: £694,000).

Apart from this loan the amounts outstanding that are recorded in the accounts are unsecured, carry or bear no interest and will be settled in cash. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

The remuneration of key management personnel is included in note 5.

19. CAPITAL COMMITMENTS

At 31 March 2015 the Company had no capital expenditure commitments (2014: £nil)