

**SOUTHERN HOME OWNERSHIP LIMITED**

**FINANCIAL STATEMENTS**

**YEAR ENDED 31 MARCH 2012**

**Industrial and Provident Societies Act 1965 - Registered number: 185211R  
Housing Regulator - Registered Number LH1662**

## SOUTHERN HOME OWNERSHIP LIMITED

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**SOUTHERN HOME OWNERSHIP LIMITED  
THE BOARD, SENIOR EXECUTIVES AND ADVISERS**

**The Board**

Members of the Board of Southern Home Ownership Limited at 2 July 2012:

Jim Hitch  
Chairman

Dale Meredith  
Jane Hives  
Katherine Lyons  
Hugh Stebbing

**Senior Executives**

The senior management team of the Group at 2 July 2012:

Tom Dacey  
Rosemary Farrar  
Dale Meredith  
Paul Smith  
Alene Wilton  
Group Chief Executive  
Finance Director  
Development Director  
Operations Director  
Corporate Services Director

**Secretary and Registered Office**

Phillippa Caine  
Fleet House  
59-61 Clerkenwell Road  
London  
EC1M 5LA

**Auditor**

KPMG LLP  
1 Forest Gate  
Brighton Road  
Crawley  
West Sussex  
RH11 9PT

**Principal Bankers**

National Westminster Bank Plc  
Corporate Banking  
Second Floor, County Gate 2  
Staceys Street  
Maidstone  
Kent ME14 1ST

## **SOUTHERN HOME OWNERSHIP LIMITED**

### **REPORT OF THE BOARD**

#### **For the year ended 31 March 2012**

The directors present their annual report together with the financial statements of the company for the year ended 31 March 2012.

#### **Principal activities**

Southern Home Ownership Limited was incorporated as an Industrial and Provident Society in 1966 to provide accommodation for people on low incomes. It operates in London and throughout South East England, providing a range of housing services, primarily in the area of low cost home ownership.

Southern Housing Group Limited has the power to appoint the Board of Southern Home Ownership Limited. Accordingly, the financial statements of Southern Home Ownership Limited are consolidated with those of Southern Housing Group Limited.

Southern Home Ownership Limited, together with Southern Housing Group Limited, Southern Space Limited and Southern Development Services Limited comprise the Southern Housing Group (the Group). The Group accounts are published on the Group website [www.shgroup.org.uk](http://www.shgroup.org.uk).

#### **Review of results**

The Association made a surplus before gift aid of £7.61m during the year, compared with a surplus of £5.59m in the previous year. A gift aid payment of £6.61m (2011: £4.24m) was made to Southern Housing Group Limited. At 31 March 2012, general reserves carried forward amounted to £19.09m (2011: £18.35m).

The Association incurred capital expenditure of £1.44m (2011: £1.19m) during the year on the acquisition and development of properties. There were no first tranche sales of properties in the year and proceeds on staircasings of 54 properties were £5.44m. Details of changes to the Association's fixed assets are shown in notes 10 and 11 of the financial statements.

#### **Going Concern**

After reviewing the company's budget for 2012/2013, and based on normal strategic business planning and control procedures, the Board has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

#### **Future plans**

The Association's housing portfolio is now managed by other Group companies. The Company has scaled back its development of shared ownership properties to reflect expected economic climate and changes in government regulations. Management continue to review their investment plans in light of these factors.

#### **The Board & Senior Executives**

The Board members and senior executives are listed on page 1. Southern Housing Group Limited holds one fully paid share of £1 in Southern Home Ownership Limited, the remainder are held by members of the Southern Housing Group Limited Board.

**SOUTHERN HOME OWNERSHIP LIMITED**  
**REPORT OF THE BOARD (continued)**  
**For the year ended 31 March 2012**

**Employment practices**

The Association is committed to the fair and equitable treatment of all staff through proactive, well developed policies and procedures and competent management. Staff consultation frameworks are in place which ensure staff are involved and their views heard.

The Equality and Diversity Strategy Board of Southern Housing Group Limited oversees the implementation of and compliance to the employment and wider requirements of the Equality Act (2010).

Health and Safety of employees is an employment priority with clear guidelines, responsibilities and training and advice provided by a qualified professional.

## **SOUTHERN HOME OWNERSHIP LIMITED**

### **REPORT OF THE BOARD (continued)**

**For the year ended 31 March 2012**

#### **STATEMENT OF BOARD'S RESPONSIBILITIES IN RESPECT OF THE BOARD'S REPORT AND THE FINANCIAL STATEMENTS**

The Board is responsible for preparing the Board's Report and the financial statements in accordance with applicable law and regulations. Industrial and Provident Society law requires the Board to prepare financial statements for each financial year. Under those regulations the Board have elected to prepare the financial statements in accordance with UK Accounting Standards.

The financial statements are required by law to give a true and fair view of the state of affairs of the Association and of the surplus or deficit for that period.

In preparing these financial statements, the Board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

The Board is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Association and enable them to ensure that its financial statements comply with the Industrial & Provident Societies Acts 1965 to 2003, the Housing and Regeneration Act 2008 and the Accounting Requirements for Registered Social Landlords General Determination 2006. The Board has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the Association and to prevent and detect fraud and other irregularities.

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

#### **Corporate governance**

The Association complies with the principal recommendations of the National Housing Federation's Code of Governance:

##### *Internal Controls*

The Board is responsible for the Association's system of internal controls and for reviewing its effectiveness. Such a system is designed to manage, rather than to eliminate, the risk of failure to achieve business objectives. It can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The Group operates ongoing processes for identifying, evaluating and managing the significant risks that it faces. They have been in place for the year to 31 March 2012 and up to the date of the approval of the Annual Report and the Financial Statements. The processes are reviewed at least annually by the Board and twice annually by the Audit Committee.

**SOUTHERN HOME OWNERSHIP LIMITED**  
**REPORT OF THE BOARD (continued)**  
**For the year ended 31 March 2012**

**Main policies established to provide effective internal control**

*Risk assessment*

The Group's objectives are established within the context of the Group's Corporate Plan. There is a process of cascading these objectives throughout the Group to each operational team and to individual staff members' targets. Assessment of resultant risk is mapped for each Group member organisation. The Group's risk management strategy includes requirements for formal risk assessments to be presented to the Board for discussion and approval.

*Control environment*

Authority, responsibility and accountability are set out in the following ways:

- Standing Orders and Delegated Authorities
- Policies and procedures manuals in all key areas
- Codes of Conduct for Board and Committee members, and for staff
- Staff job descriptions and supervisory procedures

*Information*

There is a timely system for reporting progress in the Group, at many levels. The Boards and their sub committees receive regular and extensive reports on all key areas of performance.

*Monitoring*

The Group has a comprehensive internal audit programme which encompasses the Association. It is undertaken by Grant Thornton UK LLP, Chartered Accountants. The internal audit programme is designed to review key areas of risk for the Group. The internal auditors report to the Group Head of Compliance. Each audit assignment is sponsored by a senior director who approves the scope of the work and takes responsibility for ensuring that recommendations are acted upon. Group wide progress on completing work on recommendations is monitored by the Head of Compliance. Grant Thornton meet quarterly with the Chief Executive and report to each meeting of the Group Audit Committee on their recent and prospective activity. They also meet informally with the Chair of Audit.

The risk management process incorporates reviews of high level risks across the Group, including the identification of newly emerging risks.

Both the internal audit and risk management activities incorporate follow up reporting on actions identified for improving the Association's control environment.

**Review of effectiveness**

The Board has reviewed the effectiveness of the Group's internal controls through the work of the Audit Committee, which regularly reports to the Board. In addition the Group Chief Executive has submitted to the Board a detailed report on the operation of internal controls during the period under review and up to the date of approval of this report.

**SOUTHERN HOME OWNERSHIP LIMITED  
REPORT OF THE BOARD (continued)**

**For the year ended 31 March 2012**

**Disclosure of information to auditors**

The Board members who held office at the date of approval of this Board report confirm that, so far as they are each aware, there is no relevant audit information of which the Association's auditors are unaware; and each Board member has taken all the steps that they ought to have taken as a Board member to make themselves aware of any relevant audit information and to establish that the Association's auditors are aware of that information.

**Auditors**

A resolution is to be proposed at the annual general meeting for the re-appointment of PricewaterhouseCoopers LLP as auditors of the Association.



Jim Hitch  
Chairman



On behalf of the Board  
2 July 2012



## **REPORT OF THE INDEPENDENT AUDITOR, KPMG LLP, TO THE MEMBERS OF SOUTHERN HOME OWNERSHIP LIMITED**

We have audited the financial statements of Southern Home Ownership Limited for the year ended 31 March 2012 which comprise the Income and Expenditure Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the Association's members, as a body, in accordance with section 128 of the Housing and Regeneration Act 2008 and section 9 of the Friendly and Industrial and Provident Societies Act 1968. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members, as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of the Board and auditor**

As more fully explained in the Statement of Board's Responsibilities set out on page 4, the Association's Board is responsible for the preparation of financial statements which 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 APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of affairs of the association as at 31 March 2012 and of its surplus for the year then ended; and
- have been properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2003, the Housing and Regeneration Act 2008 and the Accounting Requirements for Registered Social Landlords General Determination.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Industrial and Provident Societies Acts 1965 to 2003 require us to report to you if, in our opinion:

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

  
**Chris Wilson (Senior Statutory Auditor)**  
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

1 Forest Gate  
Brighton Road  
Crawley  
West Sussex  
RH11 9PT

20th July 2012

**SOUTHERN HOME OWNERSHIP LIMITED**  
**INCOME AND EXPENDITURE ACCOUNT**  
For the year ended 31 March 2012

	Note	2012 £000s	2011 £000s
<b>TURNOVER</b>			
Operating costs	2	6,779	7,303
	2	<u>(2,838)</u>	<u>(3,379)</u>
<b>OPERATING SURPLUS</b>		3,941	3,924
Surplus on sale of fixed assets	5	3,862	1,886
Interest receivable and other income	6	135	135
Interest payable and similar charges	7	<u>(328)</u>	<u>(360)</u>
<b>SURPLUS ON ORDINARY ACTIVITIES FOR THE YEAR</b>	8	7,610	5,585
Payment under Gift Aid to Southern Housing Group Limited		<u>(6,610)</u>	<u>(4,239)</u>
<b>Surplus before taxation</b>		1,000	1,346
Tax on surplus from ordinary activities	9	<u>(260)</u>	<u>-</u>
<b>SURPLUS FOR THE YEAR</b>		<u>740</u>	<u>1,346</u>

The notes on pages 10 to 22 form part of these financial statements.

There were no other surpluses or deficits in the current or prior years other than as disclosed in the above Income and Expenditure Account.

The turnover and operating surplus for the current and prior years relate to continuing activities.

**SOUTHERN HOME OWNERSHIP LIMITED**  
**BALANCE SHEET**  
**As at 31 March 2012**

	2012	2011
	£000s	£000s
<b>TANGIBLE FIXED ASSETS</b>		
Housing properties at cost less depreciation	95,793	98,412
Less: Social Housing Grant and other grants	(51,372)	(52,816)
Net housing properties	44,421	45,596
Other tangible fixed assets	381	388
Total tangible fixed assets	44,802	45,984
<b>INVESTMENTS</b>		
Investment in Subsidiary	-	-
Homebuy and starter home initiatives	9,200	9,406
Less: Social Housing Grant	(8,698)	(8,884)
	45,304	46,506
<b>CURRENT ASSETS</b>		
Stock of Homes for resale	14,309	4,258
Debtors	4,537	4,143
Cash at bank and in hand	7,473	16,150
	26,319	24,551
<b>CREDITORS: Amounts falling due within one year</b>	(12,892)	(14,533)
<b>NET CURRENT LIABILITIES</b>	13,427	10,018
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	58,731	56,524
<b>CREDITORS: Amounts falling due after more than one year</b>		
Housing loans	37,825	37,825
Recycled capital grant fund	1,814	347
<b>CAPITAL AND RESERVES</b>		
Share capital	-	-
Revenue reserves	19,092	18,352
	58,731	56,524

The notes on pages 10 to 22 form part of these financial statements. The financial statements were approved at a meeting of the Board on 2 July 2012.



Jim Hitch  
Chairman



Jahe Hives  
Board Member



P Caine  
Secretary

**SOUTHERN HOME OWNERSHIP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 March 2012

**1. Principal accounting policies**

The financial statements have been prepared in accordance with applicable Accounting Standards, the Statement of Recommended Practice "Accounting by Registered Social Landlords" update as issued in 2010, the Accounting Requirements for Registered Social Landlords General Determination 2006, and on the historical cost basis (as modified by the revaluation of certain fixed asset investments). The accounting policies have been consistently applied. A summary of the more important accounting policies is set out below.

**Going Concern**

The Board has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, being a period of twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

**Turnover**

Turnover represents rental and service charge income receivable from properties owned by the Association and those managed for third parties, fees receivable when they fall due; and revenue grants from the Housing Corporation and other public authorities are credited to the Income and Expenditure Account in the same period as the expenditure to which they relate. It includes the receipts from the sale of properties developed for the open market. Turnover also includes receipts from the sale of the 1<sup>st</sup> tranche of shared ownership properties.

**Housing Properties**

Housing properties are those available for rent or shared ownership and are held at cost less the amount of grants received towards their costs and depreciation. Cost includes the cost of acquiring land and buildings, development costs, interest capitalised during the development period, and directly attributable administration costs.

Housing properties for rent are split between the structure and those major components which require periodic replacement. Replacement or restoration of such major components is capitalised and depreciated over the average estimated useful life which has been set taking into account professional advice, the Group's asset management strategy and the requirements of the Decent Homes Standard.

All other repair and replacement expenditure is charged to the income and expenditure account.

Housing properties in the course of construction are held at cost and are not depreciated. They are transferred to completed properties when ready for letting or sale. Donated land is treated as both a cost of land and grant received. It is Group policy to ensure resident shared owners meet their obligations of maintaining the property in a continuous state of sound repair and the Group considers that any depreciation calculation based on the properties current value would be insignificant, due to the large residual values and long economic lives.

**SOUTHERN HOME OWNERSHIP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 March 2012**

**Depreciation and impairment**

Freehold land is not subject to depreciation. Depreciation is charged on a straight-line basis over the useful economic lives of fixed assets to write off the cost less estimated residual values at the following annual rates:

Housing properties held for letting:	
Structure	100 years
Major components	
Bathroom	30 years
Heating system Gas	15 years
Heating system Electric	25 years
Kitchen	20 years
Roof (Pitched)	60 years
Roof (Flat)	20 years
Windows	30 years
Wiring	30 years

Subject to those properties held on short lease where the maximum period is that of the remaining lease.

Commercial shops	30 years
Freehold offices	between 30 and 60 years
Plant, machinery, fixtures and vehicles	between 3 and 5 years
Computer equipment	5 years

For all properties annual impairment reviews are carried out in accordance with FRS 11.

**Social Housing Grant**

Where developments have been financed wholly or partly by social housing grant the cost of those developments have been reduced by the grant receivable. Social Housing Grant released on a sale of a property may be repayable but is normally available to be recycled and is credited to a Recycled Grant Fund or Disposal Proceeds Fund and included in the balance sheet as creditors. Social Housing Grant received in advance in respect of housing properties in the course of construction is shown as a current liability.

**Other Grants**

These include grants from local authorities and other organisations. The capital costs of housing properties are stated net of grants receivable on these properties. Grants in respect of revenue expenditure are credited to the income and expenditure account in the same period as the expenditure to which they relate.

**Stock and work in progress**

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost comprises acquisition and development costs appropriate to the relevant stage of development including attributable overheads and interest. Net realisable value is based on estimated selling price less all further costs to completion and relevant marketing and selling costs.

**SOUTHERN HOME OWNERSHIP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 March 2012**

**Cashflow Statement**

Under FRS 1 (revised 1996) the Association is exempt from the requirement to prepare a cash flow statement on the grounds that the parent undertaking includes the Association in its own published consolidated statement.

**Investments**

Southern Home Ownership Limited retains a stake in homes purchased through the Homebuy and Starter Home Initiative schemes. Investment in Homebuy is fully funded through Social Housing Grant. The Association funds 6% of the stake in Starter Home Initiatives, with the remainder being funded through Social Housing Grant. Investments are held in the balance sheet at historic cost.

Listed and unlisted investments are stated at market value.

**Leased assets**

Rentals payable under operating leases are charged to the income and expenditure account on a straight line basis over the life of the lease.

**Taxation**

Corporation tax is chargeable on the surpluses of Southern Home Ownership Limited.

The Association forms part of the Group's registration for Value Added Tax. A proportion of the VAT incurred by the Association cannot be recovered as turnover arises from exempt activities.

**Deferred taxation**

Deferred taxation is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

**Retirement Benefits**

The company is a member of a larger group pension scheme providing benefits based on final pensionable pay. The group pension scheme, Southern Housing Group Pension Scheme, covers a number of entities. The Group and the Association are unable to identify its share of the underlying assets of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 'Retirement Benefits', accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

**Shared ownership first tranche sales**

Shared ownership properties are split proportionally between current assets and fixed assets, based on the first tranche proportion. First tranche proportions are accounted for as current assets and the related sales proceeds shown in turnover. The remaining elements of the SO properties are accounted for as fixed assets. Subsequent sales are treated as part disposals.

**SOUTHERN HOME OWNERSHIP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
For the year ended 31 March 2012

**2. Turnover, cost of sales, operating costs and operating surplus**

	2012			2011		
	Turnover £000s	Operating Costs £000s	Operating surplus £000s	Turnover £000s	Operating Costs £000s	Operating surplus £000s
Social housing lettings	6,759	(2,838)	3,921	6,804	(3,118)	3,686
Other social housing activities	-	-	-	48	(3)	45
Shared Ownership 1st Tranche Sale Proceeds	-	-	-	380	(262)	118
Non-social housing activities	20	-	20	17	(1)	16
Commercial income	-	-	-	54	5	59
Other	-	-	-	-	-	-
<b>Total</b>	<b>6,779</b>	<b>(2,838)</b>	<b>3,941</b>	<b>7,303</b>	<b>(3,379)</b>	<b>3,924</b>

**PARTICULARS OF INCOME AND EXPENDITURE FROM SOCIAL HOUSING LETTINGS**

Association	2012		2011	
	Intermediate Rent £000s	Shared ownership £000's	Total £000's	Total £000's
Rent receivable net of identifiable service charges	396	5,107	5,503	5,742
Service charges	18	1,238	1,256	1,062
<b>Turnover from social housing lettings</b>	<b>414</b>	<b>6,345</b>	<b>6,759</b>	<b>6,804</b>
Management	(47)	(1,613)	(1,660)	(1,382)
Services	(12)	(633)	(645)	(1,677)
Routine maintenance	(327)	-	(327)	(56)
Planned and Cyclical maintenance	(1)	-	(1)	(5)
Bad debts	(4)	(113)	(116)	106
Depreciation	(89)	-	(89)	(79)
Other Costs	-	-	-	(25)
<b>Operating costs on social housing lettings</b>	<b>(479)</b>	<b>(2,359)</b>	<b>(2,838)</b>	<b>(3,118)</b>
<b>Operating surplus on social housing lettings</b>	<b>(65)</b>	<b>3,986</b>	<b>3,921</b>	<b>3,686</b>

<b>Void Losses</b>	<b>10</b>	<b>3</b>	<b>13</b>	<b>5</b>
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**SOUTHERN HOME OWNERSHIP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
For the year ended 31 March 2012

**3. Directors' emoluments**

No member of the Board received any remuneration for their role as member of the Board of Southern Home Ownership Limited during the year (2011: £nil). No expenses were reimbursed to members of the Board during the year (2011: £nil).

The Group Chief Executive and the senior management team are employed by Southern Housing Group Limited, with whom administration costs are shared; the relevant emoluments are dealt with in the financial statements of that organisation.

**4. Employee Information**

	2012 No.	2011 No.
Average number of full-time equivalent employees	1	1

	2012 £000s	2011 £000s
Staff costs (for the above employees)	35	39
Wages and salaries	3	3
Social security costs	15	13
Other pension costs	53	55

**5. Surplus on sale of assets**

	Other Property Sales £000s	Homebuy & SHI £000s	2012 £000s	2011 £000s
Sale proceeds	5,441	2,023	270	7,734
Cost of sales	(2,722)	(889)	(217)	(10,471)
Incidental sale expenses	(44)	-	(44)	(46)
	2,675	1,134	53	3,862
	2,675	1,134	53	3,862



**SOUTHERN HOME OWNERSHIP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
For the year ended 31 March 2012

**6. Interest receivable and other income**

Interest and dividend income receivable from unlisted investments and bank deposits	2012 £000s	2011 £000s
	135	135

**7. Interest payable and similar charges**

On bank loans, overdraft and other loans: Repayable wholly or partly in more than 5 years Less: interest payable capitalised	2012 £000s	2011 £000s
	417	403
	(89)	(43)
	328	360

**8. Surplus on ordinary activities for the year before tax**

Surplus on ordinary activities before tax for the year is stated after charging:	2012 £000s	2011 £000s
Depreciation:		
Housing land & buildings	76	79
Other tangible fixed assets	7	5
Net Book Value of components written off	6	-
Auditors' remuneration (including VAT and expenses): Audit of these financial statements	17	17

**9. Taxation**

UK Corporation tax	2012 £000s	2011 £000s
Current tax at 26% (2011 : 28%)	260	-

The current tax charge for the year is the same (2011 the same) as the standard rate of corporation tax in the UK (26% (2011 : 28%)). The differences are explained below.

Current tax reconciliation Surplus/(deficit) on ordinary activities	1,000	1,346
Current tax at 26%	260	377
Effects of: Expenses deductible for tax purposes	-	(377)
Total current tax charge (see above)	260	-

**Factors that may affect future tax charges**

From 1 April 2012 the rate of UK corporation tax that was enacted at the balance sheet date was 24%. It is expected that the corporation tax rate will change to 22% over the following two years. There are no other factors that may significantly affect future tax charges.

**SOUTHERN HOME OWNERSHIP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
For the year ended 31 March 2012

**10. Tangible fixed assets: housing properties**

	Market Rent housing properties	Intermediate Rent housing properties	Shared Ownership housing properties	Shared Ownership housing properties under construction	Total
	£000s	£000s	£000s	£000s	£000s
<b>Cost</b>					
At 1 April 2011	8	5,022	92,857	898	98,785
Additions: new properties	-	(23)	(12)	1,471	1,436
Transfer (to)/ from Stock	-	-	-	(368)	(368)
Reclassification	(8)	-	8	-	-
Component write off	-	(6)	-	-	(6)
Disposals	-	-	(3,605)	-	(3,605)
At 31 March 2012	-	4,993	89,248	2,001	96,242
<b>Social Housing Grant</b>					
At 1 April 2011	-	1,431	48,924	1,176	51,531
Transfer (to)/from RCGF	-	-	(1,424)	-	(1,424)
Disposals	-	-	(20)	-	(20)
At 31 March 2012	-	1,431	47,480	1,176	50,087
<b>Other Grants</b>					
At 1 April 2011	-	-	1,285	-	1,285
At 31 March 2012	-	-	1,285	-	1,285
<b>Depreciation</b>					
At 1 April 2011	-	373	-	-	373
Charge for year	-	76	-	-	76
At 31 March 2012	-	449	-	-	449
<b>Net Book Value</b>					
At 31 March 2012	-	3,113	40,483	825	44,421
At 31 March 2011	8	3,218	42,648	(278)	45,596

**SOUTHERN HOME OWNERSHIP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
For the year ended 31 March 2012

**10. Tangible fixed assets: housing properties (continued)**

Housing properties comprise:

	2012 £000s	2011 £000s
Freehold	64,790	67,333
Long leasehold	31,452	31,452
	<u>96,242</u>	<u>98,785</u>

Total Social Housing Grant received or receivable to date is as follows:

	2012 £000s	2011 £000s
SHG and other capital grants deducted from:		
Housing properties at cost	51,372	52,816
Homebuy and starter home initiative	8,698	8,884
	<u>60,070</u>	<u>61,700</u>

Additions to housing properties during the year included capitalised interest payable of £89,000 (2011: £43,000).

All owned stock is now managed by other group members as follows:

	2012 Units	2011 Units
By other group members:		
Shared ownership	1,695	1,708
Intermediate rent	53	53
Housing managed by Others (ARHAG HA)	-	15
Total social housing	<u>1,748</u>	<u>1,776</u>

**SOUTHERN HOME OWNERSHIP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
For the year ended 31 March 2012

**11. Other tangible fixed assets**

	Freehold properties
	£000s
<b>Cost</b>	
At 1 April 2011	406
At 31 March 2012	<u>406</u>
<b>Depreciation</b>	
At 1 April 2011	18
Charge for year	7
At 31 March 2012	<u>25</u>
<b>Net Book Value</b>	
At 31 March 2012	<u>381</u>
At 31 March 2011	<u>388</u>

**12. Investment in subsidiary**

Southern Housing Home Ownership Limited has a majority shareholding in the following companies incorporated in England, all of which were dormant during the year:

	% OF ORDINARY SHARES HELD	
Company	2012	2011
Riverside Close Management Ltd	67	67
Rolvenden Amenity Ltd	76	76
Cheriton Road Management Company Ltd	75	75
<b>Cost</b>		
	2012	2011
	£	£
	<u>218</u>	<u>218</u>

**SOUTHERN HOME OWNERSHIP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
For the year ended 31 March 2012

**13. Stock of Homes for resale**

	2012 £000s	2011 £000s
Properties under construction	14,309	4,258
	<u>14,309</u>	<u>4,258</u>

**14. Debtors**

	2012 £000s	2011 £000s
Due within one year:		
Arrears of rent and service charges	281	308
Less: provision for bad and doubtful debts	(186)	(71)
	<u>95</u>	<u>237</u>
Amounts due from connected entities	-	22
Other debtors	4,263	3,650
Prepayments and accrued income	179	234
	<u>4,537</u>	<u>4,143</u>

At 31 March 2012, balances on bank accounts held on trust for shared owners totalled £3,522,000 (2011: £3,055,800) and are included in other debtors.

**15. Creditors: amounts falling due within one year**

	2012 £000s	2011 £000s
Social Housing Grant received in advance	139	139
Amounts due to connected entities	7,060	9,488
Accruals	1,280	1,159
Corporation tax	260	-
Other creditors	4,153	3,747
	<u>12,892</u>	<u>14,533</u>

Amounts collected from shared ownership leaseholders in respect of service charges, not yet expended, of £3,523,000 (2011: £3,098,000) are reflected above in other creditors.

**SOUTHERN HOME OWNERSHIP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 March 2012**

**16. Housing loans**

Housing loans are secured by specific charges on certain housing properties and are repayable in instalments due as follows:

	2012 £000s	2011 £000s
Between one and two years	25	-
Between two and five years	745	350
In five years or more	<u>37,055</u>	<u>37,475</u>
	<u><u>37,825</u></u>	<u><u>37,825</u></u>

Housing loans bear variable rates on a margin above the London Inter Bank Offer Rate. The final instalments fall to be repaid in the period 2035 to 2038.

**17. Recycled Capital Grant Fund**

	2012 £000s	2011 £000s
Balance at 1 April	347	6,635
Grant released on sales	1,620	1,259
Interest added to fund	5	36
Intra group transfer	(158)	(7,018)
Grant recycled into new schemes	-	(565)
Recycled Capital Grant as at 31 March	<u>1,814</u>	<u>347</u>
Due within one year	-	-
Due in more than one year	<u>1,814</u>	<u>347</u>

**18. Called up share capital**

Shares of £1 each issued and fully paid:

	2012 £	2011 £
Balance at 1 April and 31 March	<u>11</u>	<u>11</u>

**SOUTHERN HOME OWNERSHIP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
For the year ended 31 March 2012

**19. Revenue reserve**

	2012	2011
	£000s	£000s
Balance at 1 April	18,352	17,006
Result for year	740	1,346
As at 31 March	<u>19,092</u>	<u>18,352</u>

**20. Pension schemes information**

The Company is a member of a pension scheme providing benefits based on final pensionable pay. Because the Company is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis, as permitted by FRS 17 'Retirement benefits', the scheme has been accounted for in these financial statements as if the scheme was a defined contribution scheme. The funding surplus/deficit in respect of this scheme is disclosed in the financial statements of Southern Housing Group Limited, a registered Industrial and Provident Society.

The latest full actuarial valuation was carried out at 31 March 2010 and was updated for FRS 17 purposes to 31 March 2011 by a professionally qualified independent actuary.

During the accounting period the Group paid contributions as follows:

1 April 2011 to 31 August 2011	20.7%
1 September 2011 to 31 March 2012	23.6%

plus an additional annual payment of £597,990 (2010/11: £564,840).

It has been agreed that the employer contribution rate to be applied from 1 April 2012 is 23.6%.

**SOUTHERN HOME OWNERSHIP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
For the year ended 31 March 2012

**21. Legislative provisions**

The Association is incorporated under the Industrial and Provident Societies Act 1965 (Registered number: 185211R) and registered by the Housing Corporation (Registered Number LH1662).

**22. Related parties**

One board member was a leaseholder during the year. Any transactions are on normal commercial terms and they are not able to use their position for personal advantage.

The Association has taken advantage of the exemptions in FRS 8 allowing no disclosure to be made in respect of related party transactions relating to group companies.

**23. Capital commitments**

	2012	2011
	£000s	£000s
Capital expenditure contracted but not provided for in the financial statements	<u>1,445</u>	<u>11,765</u>

**24. Controlling party**

The ultimate parent body and controlling party of the Company is Southern Housing Group Limited, a registered Industrial and Provident Society. The financial statements of the Company are included in the consolidated financial statements of Southern Housing Group Limited. A copy of the Group financial statements can be obtained from the parent company's principal place of business, which is Fleet House, 59-61 Clerkenwell Road, London EC1M 5LA.