

Society of St James

Report and Financial Statements

Year Ended

31 March 2021

Company Number: 03009700

Charity Number: 1043664

Society of St James

Annual report and financial statements for the year ended 31 March 2021

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Society of St James

Reference and administrative information for the year ended 31 March 2021

Trustees and Directors:	S Butterfill D Craggs P Hillary (Chair) A Holland G Marshall (Treasurer) J Osman R Hollis G Tunney A Holdup (appointed 1 September 2020)
Company Secretary:	T Pickup
Senior Staff	T Pickup (Chief Executive) A Powell (Director of Finance and Central Services) M Taylor (Operations Director) T Keall (Operations Director) N Wilsenham (Operations Director)
Registered Office:	125 Albert Road South Southampton SO14 3FR
Registered Company Number:	03009700
Regulator of Social Housing Registration Number:	LH4337
Registered Charity Number:	1043664
Auditors:	Nexia Smith & Williamson Cumberland House 15 – 17 Cumberland Place Southampton SO15 2BG
Solicitors:	Blake Morgan New Kings Court Tollgate Chandler's Ford Hampshire SO53 3LG
Bankers:	NatWest 68 Above Bar Street Southampton SO14 7DS

Society of St James

Report of the Board of Trustees incorporating a Strategic Report for the year ended 31 March 2021

Introduction

The Board of Trustees presents its report and financial statements for the year ended 31 March 2021, which should be read in conjunction with the information on page 1. All Trustees are directors of the Charitable Company for the purposes of company law.

Structure, Governance and Management

The Society of St James (SSJ) is a company limited by guarantee and is registered with the Regulator of Social Housing (RSH) (number LH4337). The liability of the members is limited to their guarantee. In the event of SSJ being wound up during the period of the membership (or within the year following), members undertake to contribute such amounts as may be required, but not exceeding £10.

SSJ is governed by the Board of Trustees, which meets at least quarterly. The Board has created three Committees to take specific interest in the areas of Personnel, Audit and Finance, and Operations, who also meet quarterly. A Development Panel is also convened as required to provide a mechanism for Board supervision of new major projects as they arise. In line with good practice, SSJ also convenes a Directors' Remuneration Committee annually to appraise performance and set the Senior Management Team's salaries. Meetings have been held virtually throughout the pandemic.

As a Registered Provider (Housing Association) SSJ is required to meet the Standards set by the RSH, as its key regulator. SSJ is able to confirm as required that it is compliant with the Governance and Viability standard.

In June 2021 the Board reviewed its own performance and the performance of the sub-committees of the Board. It also reviewed the effectiveness of the current committee structure and systems in place to ensure that they provided effective governance arrangements for SSJ. The Board also recently reviewed the key risks facing SSJ and mechanisms to ensure that they are addressed within Board meetings and reports to the Board. The Board is confident of its continued compliance with the Governance and Viability standard.

SSJ seeks to recruit one or two new Board members each year. The recruitment and induction process includes a tour around some of SSJ's projects and an introduction to SSJ's work. Potential new Board members also attend a Board Meeting as observers before they formally agree to join the Board. All Board members serve in a voluntary capacity; it is not the policy of SSJ to remunerate Board members.

The Chief Executive reports to the Board, the senior staff report to the Chief Executive and the rest of the staff in turn report to the senior staff.

SSJ has adopted the National Housing Federation Code of Governance and has recently reviewed its performance against the 2020 edition. This new edition has a number of additional requirements and work has been done to meet some of these. Other requirements, which cannot be achieved immediately are required to be declared. These are:

- 1) Resident engagement – SSJ alongside many similar providers has worked at this over a number of years with varying degrees of success. In order to genuinely involve our residents and service users in our processes, SSJ intends to appoint a Service User Engagement Officer to help organise engagement and consultation events. We acknowledge the financial support of the Southern Co-op in funding much of this post
- 2) Mechanism to remove Board members – In the case of a breach of the rules or other under performance by Board members, SSJ ought to have a mechanism to remove a Board member from the Board. This requires legal advice to change to the Memorandum and Articles of Association and consent of Companies House, Charity Commission and Regulator of Social Housing. In view of the expense of this change, the Board has agreed to delay this until other constitutional changes are required
- 3) Diversity on the Board – SSJ has good diversity of gender and skill but continues to strive to improve diversity across other dimensions including ethnicity and lived experience. This will be considered as new Board members are recruited.
- 4) Six-year maximum length of tenure on the Board – It would not be possible to implement this immediately as this would result in losing too many Board members at one time. SSJ will recruit new Board members over the coming year to build up capacity to allow this to be implemented.

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Report of the Board of Trustees Incorporating a Strategic Report (*Continued*) for the year ended 31 March 2021

Structure, Governance and Management (continued)

The Trustees have given due consideration to Charity Commission guidance on public benefit when reviewing objects and activities.

Objectives and Activities

The Objectives of SSJ are:

“The relief of poverty, sickness, hardship and distress in particular but not exclusively of persons who are homeless, unemployed or who have drug, alcohol or other substance addictions by the provision of housing, rehabilitation, care, support, education, training and employment opportunities: in order to improve the individuals’ opportunities and quality of life and to contribute to the wider community”.

SSJ seeks to achieve this through a range of activities, which can be broken down between the following headings:

- Housing;
- Support;
- Care;
- Substance Misuse Services; and
- Social Enterprise.

SSJ agreed a 10-year strategy in the spring of 2019, to provide a long-term direction for its work. Further detail was provided in a 3-year Business Plan, agreed by the Board in October 2020.

Housing

SSJ provides a range of housing to homeless people in Southampton, Portsmouth and elsewhere in Hampshire, ranging from hostels, through to shared housing to one-bedroom flats and two registered residential care homes. SSJ also manages accommodation for homeless families in Rushmoor. The numbers of bed spaces managed by SSJ are shown below-

Bed spaces/units	2019	2020	2021
Owned	164	226	248
Managed or leased	295	279	279
Total	459	505	535

For its owned property SSJ fulfils a full range of property maintenance obligations, from day-to-day repairs to managing a long-term repairs and maintenance programme. As a Registered Provider SSJ offers tenancy or licence agreements, collects rents and generally fulfils the role of landlord.

For leased or managed projects, SSJ fulfils some of the elements listed above, depending upon the form of agreement with the property owner. These often include maintenance obligations, offering tenancy and licence agreements, and the collection of rent.

SSJ has also leased two properties to another Registered Provider in order for it to provide services similar to SSJ but for younger people.

Support

SSJ seeks to provide support beyond the services normally provided by a landlord to those living in its accommodation. This activity is largely funded through contracts from Local Authorities, under which SSJ received £1.248 million (2020 £1.209 million) during the year, enabling the employment of support staff in most residential projects. The support provided enables people previously homeless, with mental health issues and with substance misuse problems to maintain their housing and to develop skills to live independently in the community. SSJ is also supporting nine residents in Aldershot in a homelessness hostel with Housing Related Support being funded by the Rushmoor Borough Council.

Society of St James

Report of the Board of Trustees incorporating a Strategic Report (*Continued*) for the year ended 31 March 2021

Objectives and Activities (continued)

Support (continued)

Southampton City Council also funds the Handyperson Service, supporting owner occupiers to stay in their own homes through property maintenance services.

The provision of Housing Related Support remains a major element of SSJ's work, delivering services under contractual arrangements and being subject to a wide range of inspection, regulation and monitoring. In addition, as existing contracts expire, services are put out to competitive tender, so that a range of organisations have the opportunity to competitively bid to provide the service. These contractual arrangements are a crucial factor in forming a picture of the environment in which SSJ operates.

Care

Through St James Care, SSJ operates two registered care homes. SSJ purchased its first care home nearly fifteen years ago in order to create a specialist care service for people with backgrounds of homelessness, substance misuse and mental health issues. This therefore provides an appropriate environment for older residents who can no longer stay in their existing accommodation because of their increasing care needs. Its second care home was acquired during the year; further details follow in this report.

Substance Misuse Services

SSJ provides a number of non-residential services for people with substance misuse issues. These services are provided in Portsmouth and Hampshire. Each area has a different structure for substance misuse services and SSJ provides a different service in each area.

These services work with over 1,000 people at any one time, providing a range of interventions to people with issues with alcohol and drugs. Each project is commissioned through competitive tendering and performance is carefully monitored by the commissioning body, the relevant local authority.

Employment and Training Opportunities

SSJ manages Jamie's Computers which operates as a Social Enterprise. The aim of Jamie's is to generate income for SSJ and to create training and learning opportunities as well as work placements for vulnerable adults in the city of Southampton.

The Café in the Park is also a Social Enterprise, providing employment and volunteering opportunities in Portsmouth, as well as good quality food.

Sports Therapy

SSJ runs Sports Therapy programmes that have proven to have a hugely beneficial impact on people experiencing substance misuse problems. In the past five years over 1000 individuals have engaged with the programmes and achieved their goal of living a positive and substance-free lifestyle.

Our programmes are run in partnership with the Saints Foundation and Pompey in the Community but are not just about football. We offer all kinds of activities, for both men and women, all aimed at improving health and wellbeing, confidence and self-worth.

The majority of the funding for these programmes comes from various National Lottery funds.

Society of St James

Report of the Board of Trustees incorporating a Strategic Report (*Continued*) for the year ended 31 March 2021

Strategic Report - *Achievements and performance*

SSJ had a successful year with an annual turnover of almost £12 million and an operating surplus of £473k for the year. This represents growth in turnover on the previous year, due to higher rental income on increased accommodation units offered, revenue from our second care home and other new services developed. It was also improved by a number of factors including additional funding received from local government, central government and philanthropic sources to cope with the pandemic, additional work commissioned by local authorities and savings made on maintenance and staff travel due to the lockdowns and other restrictions.

Purchase of a second care home

SSJ had been planning to acquire a second care home for several years and achieved this in July 2020. The home was purchased as a going concern and had been providing care for older people. The plan is to move through a period of transition, to gradually change the client group from older people to those with longer term alcohol issues. The aim is to integrate the management of the two homes, so they benefit from consistent best practices and shared learning. The client groups will be similar across the homes with new client's assessed with regards to which environment would be most suitable for them.

In spite of the impact of Covid, much progress has been made in remodelling the service, and this will continue.

Housing development

SSJ is committed to reducing rough sleeping and homelessness for vulnerable adults by developing new housing. As a housing association, SSJ can access grants from Homes England and match these with borrowings to enable the purchase and refurbishment of property. Over the last three years SSJ has acquired 17 properties and created an additional 105 units of accommodation.

Over the last 12 months SSJ has continued with the refurbishment of a number of properties purchased in the previous year. This included a house with support staff to provide accommodation to asylum seekers and refugees, which is run in partnership with Southampton and Winchester Visitors Group and funded by the National Lottery.

SSJ has also acquired two further properties in addition to Linden House. One in Southampton has been developed specifically for a joint project with mental health services and the other will provide further move-on housing in Portsmouth.

During the year SSJ also took on the management of a number of units, leased from other partners, further increasing the number of people receiving services from SSJ.

Fundraising

This has been a successful year for fundraising for SSJ, with over £393k (2020: 251k) being raised to support the work of SSJ.

An element of this (£154k) has come from a mixture of grants from philanthropic bodies, including the National Lottery Community Fund towards specific projects including Re-fit, Saints4Sports and a partnership with the Southampton and Winchester Visitors group to fund a house and support staff to provide accommodation to asylum seekers and refugees. We are especially grateful to have received £10,000 each from the Morrisons Foundation and the National Emergencies Trust to support us during Lockdown 1 and a further £10,000 from Zurich Community Trust to support the Café through the pandemic. Zurich Community Trust followed-up with a further £9,500 to support refurbishment of Havant Road. Further grant funding has been received from Portsmouth and SE Hampshire Partnership (Personal Budgets), West Quay Giving Back Fund (via the Hampshire and IOW Community Foundation), Office of the Police and Crime Commissioner (Café in the Park and Pathways Project), Southern Co-op Safer Neighbourhood fund (IOM DIY Project), Screwfix Foundation (Southampton Street) and Cycling UK (via SCC for the Big Bike Revival).

Society of St James

Report of the Board of Trustees incorporating a Strategic Report (*Continued*) for the year ended 31 March 2021

Strategic Report - *Achievements and performance (continued)*

Fundraising (continued)

We also received about £231k (2020: £174k) in financial support from corporate partners, schools, individual giving and community groups. We had an extremely successful Christmas Campaign with our individual giving supporters continuing to support us through the pandemic with The Pointer Trust providing total donations of £30,000. The Senior Managers of One Savings Bank chose SSJ as one of the recipients of their bonus pay-outs totalling £25,000. Organisations including Draper Tools, Womble Bond Dickinson and Vuzion have provided a combination of in-kind and financial support to us during the year. We have benefitted from a further 2 years of corporate support from Southern Co-op with their fundraising during 2020-21 raising significant sums.

Impact of Covid – 19

With the outbreak of the virus in the spring of last year, SSJ had to rapidly adapt to a number of challenges. The impact and response required varied greatly across the organisation, depending on the type of service or project being delivered. The initial responses included:

- Adapting to safer working processes, with socially distanced teams and greater use of PPE.
- Having to change the style of service delivery, with some support and counselling services moved to online and telephone support.
- Implementing a complete visitors ban for many months at the care home.
- Having to close some services such as the Café in the Park and Jamie's computers and furloughing staff.
- Relocating some services such as the night service in Portsmouth, (emergency accommodation with its shared rooms) to the hotels leased by Portsmouth Council.
- Creating new accommodation or redesignating units to meet specific needs and taking on new work to support additional clients, often as quickly as possible.
- Effectively closing head office, with all office-based staff working from home.

Over the last twelve months, as the situation has evolved, SSJ has continued to be flexible and to work with local authority partners.

Staff

SSJ is completely dependent on the commitment of our staff to the challenging and demanding work that we are achieving. The Trustees acknowledge that over the last year, staff have achieved a great deal in difficult circumstances and in spite of the Covid crisis and would like to record their formal thanks and appreciation.

We have a diverse workforce, with an average of 300 staff being employed over the last 12 months. We seek to be an excellent employer. We have been working towards becoming a "National Living Wage" employer and have been paying staff at least these rates for the last two years.

The Board agreed a three-year HR strategy last year to ensure the continued development of staff and HR systems, as part of our ambition to be the employer of choice in our field in this region.

SSJ also relies on volunteers in many projects and services, and we are grateful for the contribution they have made.

Strategic Report - *Plans for the Future*

There are significant areas of unmet need within the areas of expertise in which SSJ operates. In order to meet the charitable objectives of SSJ, it will need to continue to fulfil its existing role and to develop new services.

SSJ will therefore seek to continue to deliver Housing, Support, Care, Treatment and Training to vulnerable adults in Hampshire and surrounding areas. SSJ may also develop its work into new geographic areas and into new types of services, in order to meet the needs of our existing and potential new service users and/or the requirements of new local authority tenders.

Society of St James

Report of the Board of Trustees incorporating a Strategic Report (*Continued*) for the year ended 31 March 2021

Strategic Report - Plans for the Future (*continued*)

This will involve bidding for new work through the tendering process, working on specific proposals with local commissioners and seeking philanthropic funding for projects or areas of work.

The Board have agreed a number of priorities for the coming year. These include:

Embedding Trauma Informed Care and the development of Psychologically Informed Environments

SSJ is working to embed a trauma informed approach across all our activities, in order to best create the opportunities for our service users to deal with difficult previous experiences. The Board adopted a Psychologically Informed Environment Strategy in May 2021 which included an action plan to implement the 5 elements, being relationships, staff support and training, the physical environment and social spaces, a psychological framework and evidence generating practice.

Create a Service User Participation Lead (SUPL)

In order to better engage with our residents, SSJ has funded a new post to focus specifically on this task. The post will be responsible for building capacity, developing process and providing practical and emotional support to enable service users to participate meaningfully in arenas where there is a power imbalance, such as in team meetings or the Operations Committee. This will include attending meetings and providing whatever support is needed to increase engagement. The role will also include organising and facilitating service user group meetings, as well as feeding back to services.

The role of the SUPL will not just be about representing service users but also about assisting SSJ to meet some of their strategic and statutory goals which will include:

- Feeding into continuous service improvement.
- Providing service user input into service specifications and tender applications.
- Increased requirements on housing providers to collaborate with and listen to their tenants.
- Ensure service user voice in policies and procedures.
- Share good practice between services.
- Facilitate good communications between services and service users.

Create a new post of Director of Asset Management

In order to provide greater capacity for SSJ to manage its existing and growing property portfolio and to also accelerate future development, SSJ has created a new senior post to lead in this area. This will ensure the strategic priorities for maintenance, property development, and health and safety will be achieved.

Property acquisition programme

SSJ will continue to acquire property to create additional accommodation for our current and potential customers. There are significant opportunities available over the next three years which SSJ will be able to seize.

Homes England has launched a new 5-year development programme (The Affordable Homes Programme 2021-26) which includes a priority to make funding available for single and vulnerable adults. The government has also continued to prioritise the housing needs of rough sleepers and homeless people. SSJ accesses this source of funding as a member of the Wayfarer development consortium. It is also in the process of negotiating further bank finance to provide the additional capacity to fund the development programme for the next 3 years.

Society of St James

Report of the Board of Trustees incorporating a Strategic Report (*Continued*) for the year ended 31 March 2021

Strategic Report - *Plans for the Future (continued)*

Residents Wi-Fi

In order to improve the service offered to residents, SSJ will be installing Wi-Fi for residents across our housing stock. Access to the internet is increasing part of normal life and many vulnerable adults are disadvantaged by the digital divide. We shall therefore install wi-fi systems in all the properties we own and as many of the properties that we lease or manage as possible. The majority of this cost can be included rent, and this can be covered by Housing Benefit for those who are eligible.

The installation will begin in the summer of 2021 and should be completed within three to four months.

Strategic Report - *Principal Risks and Uncertainties*

SSJ faces a wide range of risks and uncertainties, many of which are collated annually in SSJ's Business Risk Management Plan. The principal risks identified are as follows:

Cost over-runs on housing developments

These incidents could have a serious impact on SSJ's cash balances. All developments are therefore carefully budgeted in advance and include a contingency, with costs kept under control and scrutiny throughout.

Contracting: Loss of contracts through tendering process

SSJ currently manages a number of services under contract from local authorities which are retendered every 4-6 years thus creating a risk services could be lost. The impact of loss of contracts is mitigated by direct cost reductions through transfers to a new provider, although savings may be required to the budget for central services. There is also a risk that services may not be re-tendered which would require more careful management of cost reductions. The risk can be mitigated by having good liaison with the commissioners and by the ability to redeploy staff into other services.

High interest rates making repayments unaffordable

This risk is being mitigated by borrowing funds on a mixture of fixed and variable rate arrangements, with at least 50% of borrowing on fixed rates. Interest rates usually rise due to inflationary pressures and the current rent settlement allows rents to be increased in line with movement in inflation, there is therefore some inbuilt mitigation to interest rate increases through rent, and therefore income, increases. The risk of interest rate rises has been modelled using different rates and costs per 1% rise in rates, thus providing thresholds for review and specific actions. Further consideration can be given to fixing more of the borrowing rates if concern about risk increases. As a last resort, if repayments became a serious problem, some properties could be sold to reduce debt and therefore interest payments.

Sudden catastrophe in a large project causes sudden closure

An outbreak of Covid-19 or a similar event could cause the lockdown or closure of a whole service for many weeks, impacting on residents, staff, reputation, management time and finances. This can be mitigated by careful adherence to social distancing, hygiene guidance and promoting vaccine uptake. Good crisis management principles, working with other partners and learning from the experience of others can all help minimise the impact of such an event.

Failure to upgrade & develop IT in line with organisational growth

SSJ is regularly required to update and upgrade its IT systems to meet increasing requirements from its services and customers, as well as enhanced security, data protection and regulatory changes. The risk is that procurement may not meet the needs of the organisation due to flaws in systems selection or deficiencies in implementation. We aim to mitigate this by creating plans that ensure that all projects are sufficiently resourced and supported by senior managers, an appropriately qualified IT team and external consultants as required.

Society of St James

Report of the Board of Trustees incorporating a Strategic Report (*Continued*) for the year ended 31 March 2021

Strategic Report - *Principal Risks and Uncertainties (continued)*

Failure of client safeguarding, resulting in criticism by a Serious Case Review

Serious Case Reviews highlight the levels of risk which surround SSJ's work with vulnerable clients. Due to the high numbers of people being supported by SSJ, there continues to be a high probability that SSJ will be involved in further reviews, investigating tragic events, which may or may not relate to a failure of a safeguarding nature. SSJ will continue to monitor and act upon safeguarding concerns in a pro-active manner, ensure staff are trained to identify and respond to safeguarding issues and ensure that SSJ's Safeguarding Officer is able to continue to oversee and monitor this area of the SSJ's work.

Strategic Report - *Fundraising practices*

SSJ is well supported by the local community and benefits from numerous donations from schools, churches, business groups, social clubs and individuals. We benefit from having been chosen as the "Charity of the Year" by various commercial companies and associations.

SSJ runs a number of fundraising campaigns over the year to appeal for funds for specific activities, such as the Christmas appeal, as well as seeking donations towards our general activities. These campaigns are conducted by sending newsletters by post and email and by running social media campaigns. Staff also give talks and presentations, when invited, to various groups, which often leads to donations. The majority of our donations are one-off donations, but a number of individuals have set up regular payments by standing order.

Donations of food, clothing, Christmas presents and time from individual volunteers and from teams of volunteers is also valuable. Jamie's receives about 20 tonnes of computing and other IT equipment each month, which it processes and sells to generate income, and the Recycle bike project receives numerous bikes over the year. SSJ does not use external consultants to undertake fundraising on our behalf, and we seek to ensure an ethical approach to our appeals and campaigns.

Our mailing and email list is made up of members of SSJ and those who have either donated in the past or have asked to be added to the mailing list. We have not undertaken any mass mailing campaigns in the last year. In line with GDPR requirements we have also contacted everyone on the mailing list and confirmed that supporters wish to continue to receive information.

SSJ is not a member of the institute of fundraisers and has not signed up to any voluntary regulatory framework. We deal carefully with any complaints received. The most common complaints we get are either a lack of a thank you letter following a donation or that we are sending too much publicity and should not be wasting money in this way.

We are conscious of safeguarding issues and have previously not accepted large donations until some investigation concerning the donor has been undertaken (and in some cases, returned the money). We aim to send 2-3 mailing/newsletters a year to our supporters, so do not feel we are putting people under significant pressure to donate.

Strategic Report - *Financial Review*

Financial Position and Management Policies

The year ended 31 March 2021 has again seen net cash generated from operating activities of £1043k (2020 £735k), and an operating surplus of £473k (2020 – £194k). SSJ remains in a sound financial position at 31 March 2021 and finished the year with cash of £1,236k (2020 - £1,035k). During the year SSJ invested £2.4m (2020 £2m) in acquiring and developing new Housing Property.

The increase in cash during the year of £201k (2020 – £593k) was mainly due to a significant improvement in cash generated from operating activities through an improvement in operating surplus. SSJ has borrowed or drawn down an additional £1.87million of loan finance during the year.

Society of St James

Report of the Board of Trustees incorporating a Strategic Report (*Continued*) for the year ended 31 March 2021

Strategic Report - *Financial Review (continued)*

Financial Position and Management Policies (continued)

SSJ has formal financial procedures in place that have been ratified by the Audit and Finance Committee and are followed by staff. The Board considers the internal control systems in use to be sufficient for purpose. For items of major expenditure, competitive quotes are requested to ensure SSJ receives the best value for money.

Reserves

The reserves policy reflects the nature of SSJ's business and the sustainability of its sources of income from rent and contracts with local authorities. The Trustees seek to hold sufficient reserves to maintain financial stability while maximising the deployment of funds in pursuit of the charity's objectives and review the Policy annually.

The Trustees believe that it is prudent for the charity to hold a level of free financial reserves (general unrestricted funds less those held as fixed assets net of long-term debt) for the following purposes:

- To enable the organisation to respond quickly to new opportunities;
- To provide adequate short-term liquidity, and cover temporary timing differences in grant claims;
- To absorb setbacks and manage change should a major income stream fail.

The Trustees have determined that the level of free reserves held by the charity should not normally fall below one months' total unrestricted operating costs which were £968k during the year (2020 £863k).

Free reserves were £1,039k at 31 March 2021 (2020 - £948k). Free reserves are calculated by subtracting the value of fixed assets (excluding investments) from total reserves before adding back long-term liabilities and the next year's mortgage liability. The level of free reserves at 31 March 2021 has increased by £91k during the year due to the Society's positive operational performance. This level of free reserves represents slightly more than 1 month's operating costs; considering the above the Trustees are content that this is sufficient for SSJ's requirements.

SSJ had £3,728k of total reserves at 31 March 2021 (2020 - £3,307k).

Sources of Income

The largest source of income for SSJ this year has again been net rental and service charge income which has increased to £5,028k (2020 - £4,132k) and now represents 42% of SSJ's total income (2020 - 39%). The reason for this increase has been the increase in bed spaces provided by SSJ through acquisitions, particularly of the care home, and some leasing of property. It is usually collected directly from the relevant Local Authority in the form of Housing Benefit payments although payments for care provision have increased in this area. The percentage of SSJ's income that it receives through housing support (previously Supporting People ("SP")) contracts has remained fairly static during the year but, due to income growth is now around 10% (2020 - 11%) of total income.

Grant income from substance misuse services is still extremely important to SSJ and has remained fairly similar to the previous year at £3.673m (31% of SSJ's income) (2020: £3.810m; 36%). Donations and awards from philanthropic trusts and the general public remain a key source of funding with SSJ benefitting from £394k in the year to 31 March 2021 (2020 - £251k).

Property

SSJ has again acquired many properties during the year spending £2.4m (2020 £2m) on 3 properties including the new care home. These costs, plus fees and development costs, are capitalised and depreciated over the useful life of the assets meaning that our properties are shown at their original cost in our accounts, less applicable depreciation. Properties used as security for borrowing are revalued regularly to comply with the terms of loan agreements. The 30 secured properties that are carried at £8.4m in our financial statements were most recently valued at £10.1m.

Society of St James

Report of the Board of Trustees incorporating a Strategic Report (*Continued*) for the year ended 31 March 2021

Strategic Report - *Financial Review (continued)*

Funding

SSJ finances its property acquisition programme through a combination of grants and long-term debt. Government grants are amortised to income over the life of the asset they funded and remain associated with that asset until it is disposed of. If an asset is disposed of the grant usually becomes repayable but can be used to acquire or develop similar property to that for which it was originally awarded. Government grant awaiting amortisation is shown in the accounts as a short or long-term creditor. Other capital grants, such as lottery funding, are shown as income in the year that the purpose for which they were awarded was achieved. Such grants usually come with a requirement to repay if the asset which they helped acquire are disposed of within a certain period of time.

In arranging external funding, SSJ aims to borrow money from a spread of lenders, on a long-term basis and with a mix of fixed and variable interest rates appropriate for managing interest rate risk, while minimising the annual cost of borrowing.

SSJ increased its borrowing relationships from three to four during the year and entered into new arrangements to fix long-term interest rates. At 31st March 2021 51% of borrowings were at rates fixed for more than 4 years (2020 2.7%).

Cash and investments

With operating cash flows of approximately £1m per month, SSJ manages its treasury resources actively, holding most of its cash in accounts where instant access can be achieved. The majority of cash is kept in higher interest accounts with instant access facilities.

Under its Treasury Management Policy, SSJ is required to maintain ready access to sufficient sources of liquidity to meet the following month's cash operating costs plus the next three months' debt service costs. In addition, SSJ reviews annually the amount of liquidity which must be met from readily available cash. For the majority of the year ended 31 March 2021, the minimum amount was £400k; it has been increased to £540k for the current financial year.

SSJ is currently maintaining cash balances at well in excess of the minimum required under its Treasury Management Policy. This is considered prudent against the uncertain background caused by the pandemic. Additionally, it will assist SSJ in funding future property acquisitions should the receipt of committed grants be delayed.

SSJ's investments are held in funds specifically designed for charities with the aim of spreading risk and investing in a largely ethical manner. The funds increased by 17.5% in value during the year as the stock market rebounded somewhat after the shock of last year.

Society of St James

Report of the Board of Trustees incorporating a Strategic Report (*Continued*) for the year ended 31 March 2021

Value for Money

The Society is committed to delivering effective and efficient services to service users and embraces the Value for Money (VFM) methodology as required by the Regulator of Social Housing (RSH). The Society agreed the Value for Money Policy in July 2013, which includes the following Statement of Intent:

"The Society of St James seeks to ensure that all financial and other resources are used to achieve the greatest benefits for the Society, in working towards the furtherance of the aims of the organisation, as described in the governing documents."

The requirements of the RSH require standard metrics to be shown in these accounts; the following shows these metrics for the Society and is benchmarked against the most appropriate data (supported housing specialist providers (although these are all still large organisations with greater than 1,000 homes)) from the RSH publication of value for money data for the sector for 2020. The Society has also chosen to add 2 of its own benchmarks which appear below after the standard metrics that are required

Required Metrics	Benchmark (2020 data)	Target (2021)	2021	2020
Metric 1 - Reinvestment %	4.4%	31.2%	22.1%	21.9%
Metric 2 - New supply delivered %	0.4%	9.2%	5.6%	12.9%
Metric 3 - Gearing %	14.2%	50%	44.7%	38.7%
Metric 4 - EBITDA MRI Interest Cover %	259%	200%	523%	227%
Metric 5 - Headline social housing cost per unit	£9,900	£12,000	£14,113	£12,170
Metric 6A - Operating Margin % (social housing lettings only)	10.4%	4.6%	4.9%	5.0%
Metric 6B - Operating Margin % (overall)	6.5%	2.0%	4.0%	1.8%
Metric 7 - Return on capital employed (ROCE) %	3.1%	2.0%	3.7%	1.8%
SSJ additional metrics				
Occupancy %	n/a	>95.5%	91.7%	94.0%
Bad debts %	n/a	<1.4%	1.1%	0.5%

Although falling slightly below target in an exceptionally difficult year for acquiring property, SSJ's performance on metrics 1, 2 and 3 is well above the benchmark. In 2018 the Society decided to expand its property assets by bidding actively for housing grant and using borrowing to contribute to funding. The organisations in the sector included in the benchmark vary significantly in size and pursue a wide range of strategies. Some are not actively developing as much new supported housing and/ or have undertaken their investment over a longer period of time and therefore have lower gearing.

The Society has had a 'good year' and exceeded its target for EBITDA MRI Interest cover % with a result that is significantly better than the benchmark.

SSJ's Social Housing cost per unit is always likely to be higher (and operating margin % lower) than the sector as more of SSJ's stock is supported housing than most and it also bears the full costs of running support services (partly funded by grants), whereas most other providers fund fewer support services. Additionally, SSJ runs a number of support - only services where another entity does the housing management; these support costs are included within social housing costs but the housing units that are supported are not included. During the year SSJ started to provide support at 2 large buildings that are managed by others thus further increasing social housing costs without increasing the numbers of units owned or managed. The aim is to reduce this cost over time as the impact of development reduces in comparison with the overall costs in this area.

Society of St James

Report of the Board of Trustees incorporating a Strategic Report (*Continued*) for the year ended 31 March 2021

Value for Money (continued)

The Society's Operating Margins are significantly below the benchmark as it is a strategic decision of the Society to spend as much of its income in providing services to vulnerable people as possible and therefore actively pursues a strategy of achieving low but sustainable surpluses.

The Society's ROCE metric is more comparable to the benchmark but again is lower due to the aforementioned difference in approach.

The Society has chosen 2 specific metrics for its internal performance which are crucial to monitor the level of housing income and that the efficiency of the service provided.

The occupancy percentage is well below the target set in the budget and lower than the previous year's performance. As with most providers the Society has struggled with voids during the Coronavirus pandemic both with regards to turning around any maintenance issues and also moving people around during this time.

The target bad debt percentage has been achieved during the year due to good rent collection policies from the Housing Management team and SSJ continuing to benefit from direct payments of benefits.

Society of St James

Report of the Board of Trustees incorporating a Strategic Report (*continued*) for the year ended 31 March 2021

Statement of the Board of Trustees' responsibilities

The Board members are responsible for preparing the report of the Board and the financial statements in accordance with applicable law and regulations.

Company law and social housing legislation require the Board members to prepare financial statements for each financial year. Under that law the Board members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102). 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 society and of the surplus or deficit of the society for that period.

In preparing these financial statements, the Board members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice for social housing providers (2018) 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 society will continue in business.

The Board members are responsible for keeping proper accounting records that are sufficient to show and explain the society's transactions and disclose with reasonable accuracy at any time the financial position of the society and enable them to ensure that the financial statements comply with the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. They are also responsible for safeguarding the assets of the society and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board is responsible for ensuring that the Report of the Board is prepared in accordance with the Statement of Recommended Practice for social housing providers (2018).

Financial statements are published on the society's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the society's website is the responsibility of the Board Members. The Board Members' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Auditors

All of the current Trustees have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The Trustees are not aware of any relevant audit information of which the auditors are unaware.

Nexia Smith & Williamson are deemed to be re-appointed as auditors.

This report was approved by the Board of Trustees on 31/8/21
and is signed on its behalf by:



P Hillary, Trustee

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOCIETY OF ST JAMES**Opinion**

We have audited the financial statements of Society of St James (the 'Society') for the year ended 31 March 2021 which comprise the statement of comprehensive income, statement of changes in reserves, statement of financial position, cashflow statement and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Society's affairs as at 31 March 2021 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Society's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Board with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in Society of St James Financial Statements, other than the financial statements and our auditor's report thereon. The Board is responsible for the other information contained within the Financial Statements. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Board of Trustees incorporating a Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Board of Trustees incorporating a Strategic Report has been prepared in accordance with applicable legal requirements

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Board of Trustees incorporating a Strategic Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or
- the Society 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 require for our audit.

Responsibilities of the Board

As explained more fully in the Statement of the Board's Responsibilities set out on page 14, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal controls as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intend to liquidate the Society or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

We obtained a general understanding of the Society's legal and regulatory framework through enquiry of management concerning: their understanding of relevant laws and regulations and the entity's policies and procedures regarding compliance. We also drew on our existing understanding of the Society's industry and regulation.

We understand that the Society complies with the framework through:

- Updating operating procedures, manuals and internal controls as legal and regulatory requirements change;
- A risk assessment framework and register that includes regular review and scrutiny by the Board and Audit and Finance Committee;
- An annual assessment of compliance with regulatory standards as applied to Registered Providers and enforced by the Regulator of Social Housing; and
- The Board's close oversight through regular board meetings and compliance reporting

In the context of the audit, we considered those laws and regulations: which determine the form and content of the financial statements; which are central to the Society's ability to conduct its business; and where failure to comply could result in material penalties. We identified the following laws and regulations as being of significance in the context of the Society:

- FRS 102, the requirements of the Companies Act 2006, the Charities Act 2011, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019, in respect of the preparation and presentation of the financial statements;
- Care Quality Commission rating
- Health and safety regulations; and
- Regulatory standards as applied to Registered Providers and enforced by the Regulator of Social Housing.

We performed the following specific procedures to gain evidence about compliance with the significant laws and regulations above:

- Performed a review of Board minutes to identify any indicators of known or suspected non-compliance with significant laws and regulations; and
- Reviewed the CQC ratings on their website; and
- Reviewed any correspondence between the Regulator of Social Housing and the Society.

The senior statutory auditor led a discussion with senior members of the engagement team regarding the susceptibility of the Society's financial statements to material misstatement, including how fraud might occur. The key areas identified as part of the discussion were with regard to the manipulation of the financial statements through manual journal entries.

The procedures carried out to gain evidence in the above areas included:

- Testing of a sample of manual journal entries, selected through applying specific risk assessments applied based on the Society's processes and controls surrounding manual journal entries; and
- reviewing and challenging estimates made by management;

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Society's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Society'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 Society and the Society's members as a body, for our audit work, for this report, or for the opinions we have formed.

Nexia Smith & Williamson

Julie Mutton

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

Date *16/9/21*

Cumberland House
15-17 Cumberland Place
Southampton
Hants
SO15 2BG

Society of St James

Statement of Comprehensive Income for the year ended 31 March 2021

	Notes	2021 £000s	2020 £000s
Turnover		11,909	10,550
Other Operating Income (CJRS)		110	-
Operating costs		(11,546)	(10,356)
Operating surplus	2	473	194
Unrealised surplus/(deficit) on investments		27	(23)
Surplus on ordinary activities before interest		500	171
Interest receivable and similar income	6	3	6
Interest payable and similar charges	7	(134)	(78)
Surplus for the year		369	99
Actuarial gain in respect of pension scheme		52	12
Total Comprehensive Income for the year		421	111

All activities of the charitable company are classed as continuing.

The notes on pages 23 to 41 form part of these financial statements.

Society of St James

Statement of Changes in Reserves for the year ended 31 March 2021

	Retained Earnings £000s
Balance at 1 April 2019	3,196
Surplus for the year	99
Other Comprehensive Income	12
	<hr/>
Balance at 31 March 2020	3,307
	<hr/>
Balance at 1 April 2020	3,307
Surplus for the year	369
Other Comprehensive Income	52
	<hr/>
Balance at 31 March 2021	3,728
	<hr/>

Society of St James

Statement of Financial Position at 31 March 2021 Company Registration Number: 03009700

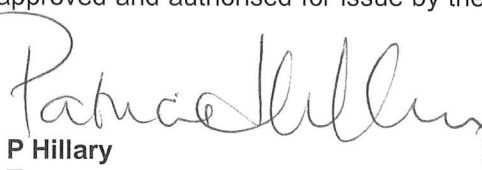
	Notes	2021 £000s	2020 £000s
Fixed assets			
Housing properties at cost less depreciation	9	11,208	9,013
Intangible assets	10	311	46
Other fixed assets	11	568	594
Investments	12	192	165
		12,279	9,818
Current assets			
Debtors	13	947	865
Cash at bank and in hand		1,236	1,035
		2,183	1,900
Creditors: amounts falling due within one year	14	1,585	1,223
		598	677
Net current assets			
		12,877	10,495
Total assets less current liabilities			
Creditors: amounts falling due after more than one year	15	9,149	7,188
Provisions for liabilities			
Pension scheme provision	21	-	-
		3,728	3,307
Total net assets			
Capital and reserves			
Retained Earnings		3,728	3,307
		3,728	3,307
Total Capital and Reserves		3,728	3,307

The financial statements on pages 19 to 41 were approved and authorised for issue by the Board of Trustees on 31 August 2021 and are signed on its behalf by:-

G Marshall
Trustee



P Hillary
Trustee



The notes on pages 23 to 41 form part of these financial statements.

Society of St James

Cash flow statement for the year ended 31 March 2021

	Notes	£000s	2021 £000s	£000s	2020 £000s
Net cash generated from operating activities	22		1,043		735
Cash flow from investing activities					
Acquisition, construction and works to tangible fixed assets		(2,907)		(2,219)	
Grants received		472		984	
Net cash used in investing activities			(2,435)		(1,235)
Cash flow from financing activities					
New loans		2,626		1,229	
Loans repaid		(905)		(65)	
Interest paid		(131)		(77)	
Interest received		3		6	
Net cash generated in financing activities			1,593		1,093
Increase in cash and cash equivalents			201		593
Cash and cash equivalents at beginning of year			1,035		442
Cash and cash equivalents at end of year			1,236		1,035

Society of St James

Notes forming part of the financial statements for the year ended 31 March 2021

1 Accounting policies

Society of St James ("the Society") is a private company limited by guarantee and incorporated in England and Wales. It is a registered provider of social housing with the Regulator of Social Housing and the address of the registered office is 125 Albert Road South, Southampton, SO14 3FR.

Basis of accounting

The financial statements have been prepared in accordance with UK Generally Accepted Practice (UK GAAP) including Financial Reporting Standard 102 (FRS 102) and the Housing SORP 2018: Statement of Recommended Practice for Registered Social Housing Providers and comply with the Accounting Direction for Private Registered Providers of Social Housing 2019.

The financial statements are prepared under the historical cost convention as modified by the revaluation of certain fixed assets at the date of transition under the 'deemed cost' option of FRS 102 and as modified by the revaluation of investments.

The Society meets the definition of a Public Benefit Entity under FRS 102

These financial statements are single entity statements and not consolidated group accounts. Consolidation is not required as the other group member, Jamie's Computers Limited, was dormant throughout the reporting period.

Going concern

The UK wide coronavirus lockdown began on 23 March 2020. The Board have considered the financial impact of coronavirus on any estimations included within these financial statements. As the impact of the coronavirus pandemic evolves the Board will continue to review the potential risks to the Society and implement any actions needed to minimise them. After making enquiries, the Board has observed that financial performance during the financial year to 31 March 2021 and first 2 months the new year has exceeded targets and cash holdings have increased. Furthermore, the Board has reviewed forecasts and further information that has reassured it that there is a reasonable expectation that the Society has, and will continue to receive, adequate resources to continue in operational existence for the foreseeable future, being a period of at least twelve months after the date on which the report and financial statement are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

The principal accounting policies of the Society are set out below

1.1 *Significant judgements and estimates*

The preparation of financial statements in conformity with generally accepted accounting practice requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the Statement of Financial Position date and the reported amounts of revenues and expenses during the reporting period.

Significant management judgements

The following are the significant management judgements made in applying the accounting policies of the Society that have the most significant effect on the financial statements

Society of St James

Notes forming part of the financial statements for the year ended 31 March 2021

1 Accounting policies (continued)

1.1a Identification of housing property components

Housing property depreciation is calculated on a component by component basis. The identification of such components is a matter of judgement and may have a material impact on the depreciation charge. The components selected are those which reflect how the major repairs to the property are managed.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

1.1b Goodwill

Goodwill is written off over its useful economic life, being 10 or 20 years depending upon the nature of the asset and the applicable accounting standards at the time it arises

1.1c Bad debt provision

Trade debtor balances are recorded in the Society's statement of financial position and comprise a relatively large number of small balances. A full line by line review of trade debtors is carried out at the end of each month. Whilst every attempt is made to ensure that the bad debt provisions are as accurate as possible, there remains a risk that the provisions do not match the level of debts which ultimately prove to be uncollectable. Additionally, a provision is made against 50% of resident's credit balances.

1.1d Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence with regard to IT equipment/software and any changes to decent homes standard requiring frequent replacement of components.

1.1e Dilapidations

A number of provisions are held in the accounts to reflect the management's view of the potential liabilities that the Society has to pay for dilapidations to premises that it rents during and after its tenure in them. Experience of previous dilapidations claims, and settlements has informed these estimates.

1.1f Multi-employer pension obligation

The Society of St James participates in a variety of pension schemes administered by the Pensions Trust; the Growth Plan scheme has certain guarantees associated with it that require participating employers to make additional contributions to it should the scheme be in deficit. The Society has a contractual obligation to make deficit contributions over a number of years and the present value of these future contributions is measured and reported in the Financial Statements. The rate used to calculate the present value is the equivalent single discount rate which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

1.1g Local Government Pension Scheme (LGPS) Valuations

The Society of St James is an admitted body to the Hampshire LGPS following transfers of staff formerly working in the public sector. The scheme actuaries estimate the liabilities of the Hampshire LGPS using a number of key assumptions including rates of inflation; mortality; discount rate; and future salary increases. Variances in these assumptions may impact the pension liability and annual expense.

Society of St James

Notes forming part of the financial statements for the year ended 31 March 2021

1 Accounting policies (continued)

1.2 Turnover

Turnover includes rental and service charge income from residential properties in respect of the year and any other income such as legacies. Fees or grants receivable from local authorities in respect of revenue are credited to the Statement of Comprehensive Income in the same period as the expenditure to which they relate. Grants received for housing properties are recognised in income on a systematic basis. Income received for Furlough claims is recorded as Other Operating Income.

1.3 Interest Payable

Interest payable on loan finance during the development of new property assets is capitalised as a development cost of the new asset for which the loan was drawn. All other Interest Payable is charged to the Statement of Comprehensive Income in the year to which it relates.

1.4 Goodwill

Positive goodwill arising from the purchase in November 2006 of Avondale Residential Care Home (representing the excess of the purchase price of the business over the valuation of the assets acquired) has been capitalised and, subject to impairment reviews as required, will be amortised by equal charges to the Statement of Comprehensive Income, over the period from which economic benefit is derived, which is considered to be 20 years.

Positive goodwill arising from the purchase in July 2020 of Linden House Residential Care Home (representing the excess of the purchase price of the business over the valuation of the assets acquired) has been capitalised and, subject to impairment reviews as required, will be amortised by equal charges to the Statement of Comprehensive Income, over the period from which economic benefit is derived, which is considered to be 10 years.

1.5 Housing properties

Freehold housing properties are stated at cost. Cost includes the cost of acquiring land and buildings, development costs, and expenditure incurred in respect of improvements. In accordance with the SORP, component accounting has been adopted. The components of a property have therefore been identified and when a component is replaced the cost is capitalised as a component of the property. Other repair work is charged to the Statement of Comprehensive Income.

Freehold land is not depreciated. Depreciation is charged so as to write down the cost of freehold properties other than freehold land to their estimated residual value on a straight line basis over their estimated useful economic lives at the following rates:

Component	Years	Component	Years	Component	Years
Structure	50	Boiler and Heating System	10	Bathrooms*	10 or 20
Roof	30	Windows and Doors [^]	5 or 20	Sub structure	10
Electrical Wiring	20	Solar Panels	12	Kitchens*	5 or 10

[^] UPVC windows and doors: 20 years; wooden windows: 5 years

* Bathrooms and Kitchens are depreciated at the shorter rate where there are shared facilities

1.6 Leasehold property and leasehold improvements

Leasehold housing property and leasehold improvements are accounted for in the same way as Freehold housing property other than depreciation which is charged over the life of the lease, or using the rates in the table above, whichever is the lower.

Society of St James

Notes forming part of the financial statements for the year ended 31 March 2021

1 Accounting policies (continued)

1.7 Other freehold property

Other freehold properties are stated at cost. Cost includes the cost of acquiring land and buildings, development costs, and expenditure incurred in respect of improvements. Freehold land is not depreciated. Depreciation is charged so as to write down the cost of other freehold properties other than freehold land to their estimated residual value on a straight line basis over their estimated useful economic lives of 50 years.

1.8 Other fixed assets

Expenditure on other tangible fixed assets is capitalised only when it has a life of more than one year and has a value of more than £1,000, or where the expenditure forms part of the overall setup costs of a new project (including professional fees). The cost of other items is written off as incurred. Depreciation is provided on these tangible fixed assets at rates calculated to write off cost over their expected useful lives, using the straight line method at a rate of between 25% to 50% per annum.

The Society took the transitional relief to include certain other fixed assets at fair value at the date of transition to FRS 102, known as deemed cost.

1.9 Capital Grants – Housing Property

Government grants include grants receivable from Homes England, local authorities and other government organisations. Government grants received for housing properties are recognised in income over the useful life of the housing property structure on a pro rata basis under the accrual model. The unamortised element of the government grant is recognised as deferred income in creditors.

Grants due from government organisations or received in advance are included as current assets or liabilities.

Government grants released on sale of the property may be repayable but are normally available to be recycled and are credited to a Recycled Capital Grant Fund, included in creditors. If there is no requirement to recycle or repay the grant on disposal of the asset, any unamortised grant remaining within creditors is released and recognised as income in the Statement of Comprehensive Income.

1.10 Capital Grants – Other fixed assets

Capital grants received for other fixed assets are held as creditors and recognised on a straight line basis over the useful economic life of the asset for which they have been used to acquire.

1.11 Revenue Grants

Grants relating to revenue are recognised in the Statement of Comprehensive Income over the same period as the expenditure to which they relate. Until the revenue grants are recognised as income they are recorded as liabilities.

1.12 Investments

Investments are valued at current market value with changes in value from year to year being recognised within the Statement of Comprehensive Income.

1.13 Operating leases

Annual rentals under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the term of the lease. The aggregate benefits of any lease incentive are recognised as a reduction in expenses over the term of the lease.

Society of St James

Notes forming part of the financial statements for the year ended 31 March 2021 (*Continued*)

1 Accounting policies (continued)

1.14 Pension costs

The Society operates a number of pension arrangements for its employees.

Pensions Trust – Defined Contribution

The Society operates a defined contribution scheme through The Pensions Trust. The accounting charge for the period represents the employer contribution payable.

Pensions Trust Growth Plan – Defined Benefit

The Growth Plan is a multi-employer defined benefit scheme through The Pensions Trust.

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employers. Accordingly, due to the nature of the scheme, the accounting charge for the period under FRS102 represents the employer contribution payable.

The scheme currently has a shortfall of assets compared to liabilities and a deficit payment plan which has been agreed between the participating employers and Trustee of the scheme. In line with FRS102 requirements, this cash payment plan has been recognised as a liability in the Statement of Financial Position and is measured at the reporting date by discounting the future cash outflows at the rate of AA corporate bond. The unwinding of this discounting is recognised as a finance charge in the period to which it relates.

Hampshire County Council Pension Fund

The Society participates in a defined benefit pension scheme which provides benefits based on final pensionable salary. The assets of the scheme are held by the Hampshire County Council Superannuation Fund.

The pension costs relating to the scheme are accounted for in accordance with FRS102. Current service costs and interest costs relating to the net defined obligation are included in the income statement in the period to which they relate. When applicable, actuarial gains and losses as well as any other re measurements are recognised in other comprehensive income. Where a scheme is in surplus in accordance with FRS102 28.22 the asset can only be recognised to the extent that the entity is able to recover the surplus either through reduced contributions in the future or through refunds from the scheme.

1.15 Taxation

The Society has charitable status and therefore is not subject to Corporation Tax on surpluses derived from charitable activities.

1.16 Value added tax

The Society is VAT registered and is able to recover all VAT incurred at Jamie's Computers and part of the VAT on Head Office costs. All other VAT incurred is included within the category of expenditure to which it relates.

Society of St James

Notes forming part of the financial statements for the year ended 31 March 2021 (*Continued*)

1.17 *Financial Instruments*

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the Society becomes a party to the contractual provisions of the instrument.

Trade and other debtors and creditors are classified as basic financial instruments and are measured at initial recognition at transaction price. Debtors and creditors are subsequently measured at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that the Society will not be able to collect all amounts due.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank, short-term bank deposits with an original maturity of three months or less and bank overdrafts which are an integral part of the Society's cash management.

Interest bearing bank loans, overdrafts and other loans which meet the criteria to be classified as basic financial instruments are initially recorded at the present value of cash payable to the bank, which is ordinarily equal to the proceeds received net of direct issue costs. These liabilities are subsequently measured at amortised cost, using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset or liability or, where deemed appropriate, a shorter period to the net carrying amount on initial recognition.

1.18 *Cash and Cash Equivalents*

Cash and cash equivalents includes cash in hand and bank deposits with maturities of up to three months.

1.19 *Development staff costs*

Where staff costs are directly attributable to the development of new property assets these costs will be capitalised as a development cost of the new asset.

Society of St James

Notes forming part of the financial statements for the year ended 31 March 2021 (Continued)

2 Operating surplus

	2021 £000s	2020 £000s
<i>Operating surplus is stated after charging:</i>		
Depreciation		
- housing properties	283	186
- other fixed assets	179	156
Amortisation of goodwill	26	6
Auditors' remuneration		
- as auditors (including VAT and expenses)	16	15
- other services	-	-
Rent losses from bad debts		
- rent (net of service charges)	29	12
- service charges	24	10
Operating lease costs		
- land and buildings	716	688
	<hr/>	<hr/>

3 Income and Expenditure from Social Housing Activities

	2021 £000s	2020 £000s
Income		
Rent receivable net of identifiable service charges and voids	3,283	2,535
Service charges receivable	1,745	1,597
Revenue and capital grants relating to lettings	2,915	1,809
Revenue and capital grants from other social housing activities	3,675	4,331
	<hr/>	<hr/>
Turnover from social housing activities	11,618	10,272
Social housing activity expenditure relating to lettings	7,551	6,146
Other social housing activity expenditure	3,618	3,864
	<hr/>	<hr/>
Total expenditure on social housing activity	11,169	10,010
	<hr/>	<hr/>
Operating surplus from social housing activities	449	262
	<hr/>	<hr/>
Void losses	453	264
	<hr/>	<hr/>

Within revenue and capital grants relating to lettings was a receipt of £100k from the RC London and South East Region of the National Lottery Community Fund. This was used to help acquire a property that is held within the total for Housing Properties in note 9 below.

4 Staff costs

	2021 £000s	2020 £000s
Wages and salaries	5,915	5,177
Employer National Insurance Contributions	453	399
Employer pension contribution costs	377	406
	<hr/>	<hr/>
	6,745	5,982
	<hr/>	<hr/>

Company pension scheme contributions are made to pension schemes operated on the company's behalf by TPT retirement solutions (formerly the Pensions Trust) and Hampshire County Council.

Society of St James

Notes forming part of the financial statements for the year ended 31 March 2021 (Continued)

4 Staff costs (continued)

The average number of staff directly employed by the company during the year (expressed in full time equivalents) was:

	2021 Number	2020 Number
Housing and support	139	119
Substance misuse	59	59
Social enterprise	10	9
Finance	7	7
Administration	14	12
	<u>229</u>	<u>206</u>

5 Senior Management Team's emoluments (including key Management Personnel)

The aggregate emoluments of the Senior Management Team, including the Chief Executive, were:

	2021 £000s	2020 £000s
Wages and salaries	316	293
Employer National Insurance Contributions	36	34
Employer pension contribution costs	41	39
	<u>393</u>	<u>366</u>
Remuneration payable to the highest paid Director excluding pension	<u>78</u>	<u>76</u>

For the year ended 31 March 2021 the number of employees whose annual emoluments including pension contributions were £60,000 or more were:

	2021 Number	2020 Number
£60,000 to £70,000	3	2
£70,000 to £80,000	1	1
£80,000 to £90,000	-	1
£90,000 to £100,000	1	-

The Chief Executive is a member of the 'Growth Plan' pension scheme that is administered by TPT retirement solutions (formerly the Pensions Trust) and was available to all staff until 1 July 2012. As with all staff in this scheme the Chief Executive sacrifices 5% of his salary in order for the company to contribute 14% of salary (as listed above) to the scheme. There are no enhanced or special terms for the Chief Executive's pension and he is an ordinary member of the scheme. The Chief Executive has no other pension arrangements to which the company contributes.

No member of the Board of Trustees received any remuneration in either the current or comparative years.

Society of St James

Notes forming part of the financial statements
for the year ended 31 March 2021 (*Continued*)

6 Interest receivable and similar income

	2021 £000s	2020 £000s
Interest receivable and investment income	3	6

7 Interest payable

	2021 £000s	2020 £000s
Mortgage interest	144	111
Unwinding of discount factor in respect of the pension growth plan	3	1
Less capitalised interest	(13)	(34)
	134	78

8 Tax on surplus on ordinary activities

Society of St James is a registered charity and, as such, is exempt from liability to taxation on income and capital gains derived from its charitable activities.

9 Housing property

	Property in development £000s	Leasehold land and property held for lettings £000s	Freehold land and property held for lettings £000s	Total £000s
<i>Cost</i>				
At 1 April 2020	1,299	1,711	7,337	10,347
Transfers:	(502)	246	256	-
Additions: new properties	766	-	1,578	2,344
works to existing properties	-	51	83	134
Disposals: components replaced	-	-	(1)	(1)
At 31 March 2021	1,563	2,008	9,253	12,824
<i>Depreciation</i>				
At 1 April 2020	-	195	1,139	1,334
Charge for the year	-	46	237	283
Disposals	-	-	(1)	(1)
At 31 March 2021	-	241	1,375	1,616
<i>Net book value</i>				
At 31 March 2021	1,563	1,767	7,878	11,208
At 31 March 2020	1,299	1,516	6,198	9,013

Society of St James

Notes forming part of the financial statements for the year ended 31 March 2021 (*Continued*)

10 Intangible assets						Goodwill £000s
Cost at 1 April 2020						130
Additions – purchase of Linden House care home						291
At 31 March 2021						421
<i>Amortisation</i>						
At 1 April 2020						84
Charge for the year						26
At 31 March 2021						110
<i>Net Book Value</i>						
At 31 March 2021						311
At 31 March 2020						46
11 Other fixed assets						
	Freehold Property £000s	Leasehold Improvements £000s	Motor vehicles £000s	Office Equipment £000s	Housing Equipment £000s	Total £000s
<i>Cost</i>						
At 1 April 2020	237	415	130	208	373	1,363
Additions	-	30	62	7	58	157
Disposals	-	-	(18)	-	-	(18)
At 31 March 2021	237	445	174	215	431	1502
<i>Depreciation</i>						
At 1 April 2020	24	317	69	134	225	769
Charge for the year	3	48	37	32	59	179
Disposals	-	-	(14)	-	-	(14)
At 31 March 2021	27	365	92	166	284	934
<i>Net book value</i>						
At 31 March 2021	210	80	82	49	147	568
At 31 March 2020	213	98	61	74	148	594
On a historical cost basis, the freehold property would have been included at:						
						2021 £000s
Cost						296
Aggregate depreciation						(95)
Depreciated cost						201
						2020 £000s
						296
						(92)
						204

Society of St James

Notes forming part of the financial statements for the year ended 31 March 2021 (Continued)

12 Investments	Listed £000s	Unlisted £000s	2021 £000s	2020 £000s
<i>Cost or valuation</i>				
Valuation at 1 April 2020	155	10	165	188
Unrealised (deficit)/ gain in year	27	-	27	(23)
	<hr/>	<hr/>	<hr/>	<hr/>
Cost or Valuation at 31 March 2021	182	10	192	165
	<hr/>	<hr/>	<hr/>	<hr/>
Historic Cost at 1 April 2020 and 31 March 2021	80	10	90	90
	<hr/>	<hr/>	<hr/>	<hr/>

All listed fixed asset investments are stated at market value. The unlisted investment is held at cost and represents 100% of the share capital of Jamie's Computers Limited. Jamie's Computers Limited has its registered office at 125 Albert Road South, Southampton, SO14 3FR. Jamie's Computers was dormant throughout the 4 periods from 1 April 2016 to 31 March 2021. Jamie's Computers Limited had £10,000 of unpaid share capital and £9,500 reserves at 31 March 2020 and 31 March 2021.

13 Debtors	2021 £000s	2020 £000s
Trade Rent and service charge	466	379
Debtors: Less Provision for doubtful debts	(211)	(109)
Rent and service charge (net of provision for doubtful debts)	255	270
Other trade debtors (net of provision)	378	284
Grants receivable	26	166
Other debtors	7	-
Prepayments and accrued income	281	145
	<hr/>	<hr/>
	947	865
	<hr/>	<hr/>

All amounts shown under debtors fall due for payment within one year.

14 Creditors: Amounts falling due within one year	2021 £000s	2020 £000s
Secured mortgage	248	105
Trade creditors	393	392
Grants in advance	302	126
Taxation and social security	134	111
Intercompany creditor (Jamies Computers Ltd)	10	10
Other creditors	266	241
Accruals and deferred income	140	151
Pension creditor (TPT)	24	23
Deferred capital grant (Note 16)	68	64
	<hr/>	<hr/>
	1,585	1,223
	<hr/>	<hr/>

Included within Grants in advance is £14k (2020: £13k) from the Big Lottery Grant fund relating to their support of the Society's Saints4Sport project and £18k (2020: £22k) relating to the Re:Fit project.

Society of St James

Notes forming part of the financial statements for the year ended 31 March 2021 (*Continued*)

15 Creditors: Amounts falling due after more than one year	2021 £000s	2020 £000s
Deferred capital grant (note 16)	3,091	2,690
Secured mortgages	5,987	4,410
Pension creditor	71	88
	<hr/>	<hr/>
	9,149	7,188
	<hr/>	<hr/>

The mortgages are repaid on a monthly basis over terms ranging from 20 to 30 years. Rates are either variable with a margin over Bank of England base rate or LIBOR, or fixed. The remaining terms on these loans are between 7 and 23 years.

A variable rate of interest was charged on £3,046k of mortgage balances (2020 £4,392k). The variables rates applied are:

	2021 £000s	2020 £000s
LIBOR + 0.65% on the mortgage balance of	349	380
Bank of England (BoE) base rate + 3% on the mortgage balance of	-	271
Bank of England (BoE) base rate + 2.53% on the mortgage balance of	-	374
Bank of England (BoE) base rate + 2% on the mortgage balance of	991	3,367
Bank of England (BoE) base rate + 2.55% on the mortgage balance of	1,706	-
	<hr/>	<hr/>
	3,046	4,392
	<hr/>	<hr/>

A fixed rate of 3.73% was charged on £zero of mortgage balances (2020 £123k)

A fixed rate of 3.2% was charged on £729k of mortgage balances (2020 £nil).

A fixed rate of 2.9% was charged on £2,460k of mortgage balances (2020 £nil).

The mortgages are secured by fixed charges over 30 of the Society's properties.

The mortgages are repayable as follows:

	2021 £000s	2020 £000s
In less than one year	248	105
In more than one year but less than two years	257	180
In more than two years but less than five years	528	529
In more than five years	5,202	3,701
	<hr/>	<hr/>
	6,235	4,515
	<hr/>	<hr/>

Society of St James

Notes forming part of the financial statements
for the year ended 31 March 2021 (*Continued*)

16 Deferred Capital Grant	2021 £000s	2020 £000s
At 1 April	2,754	1,688
Grant received in year	472	1,108
Released to income in the year	(67)	(42)
	<hr/>	<hr/>
At 31 March	3,159	2,754
	<hr/>	<hr/>
Amounts to be released within one year	68	64
Amounts to be released in more than one year	3,091	2,690
	<hr/>	<hr/>
	3,159	2,754
	<hr/>	<hr/>

17 Commitments

Capital commitments – None

18 Housing stock

The housing stock of the charitable company comprised the following types of property.

	2021 Number	2020 Number
Leased supported units	287	279
Owned supported units	248	226
	<hr/>	<hr/>
	535	505
	<hr/>	<hr/>

19 Legislative provisions

Society of St James is a company limited by guarantee and is registered with the Charity Commission and the Regulator of Social Housing.

20 Commitments under operating leases

The company had outstanding commitments for future minimum payments under non-cancellable operating leases as set out below:

	Land and buildings 2021 £000s	2020 £000s
Operating leases which expire:		
Within one year	691	708
In two to five years	945	1,270
After five years	243	159
	<hr/>	<hr/>
	1,879	2,137
	<hr/>	<hr/>

Society of St James

Notes forming part of the financial statements for the year ended 31 March 2021 (*Continued*)

21 Pension Scheme

The Society of St James participates in a variety of pension schemes administrated by TPT retirement solutions, previously the Pensions Trust (the Trustee) and pays contributions at a variety of rates. For members who joined any of the schemes prior to 1 July 2012 the Society paid contributions at the rate of 9% of salary and members paid contributions at the rate of 5% of salary during the accounting period. For members who have transferred into the Society's employment due to TUPE regulations and have relevant employment rights, or who were employed before 1 July 2012, and opted to join one of the pension schemes prior to 30 November 2012, the Society paid contributions at the rate of 6% of salary and members paid contributions at the rate of 5% of salary during the accounting period. For members who joined the Society on or after 1 July 2012, or who opted to join the pension after 30 September 2012, or who were auto enrolled, the Society paid contributions of 3% whilst members paid contributions at the rate of 5% of salary during the accounting period.

All schemes, apart from the Growth Plan (the scheme), are defined contribution schemes. The company participates in the scheme, a multi-employer scheme which provides benefits to some 950 non-associated participating employers.

The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial valuation for the scheme was carried out at 30 September 2017. This valuation showed assets of £794.9m, liabilities of £926.4m and a deficit of £131.5m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows

Deficit contributions required from the Society of St James from 1 April 2020 to 31 January 2025 were set at £23,131 per annum (payable monthly and increasing by 3% each on 1st April). From 1 April 2021 the deficit contributions required from the Society of St James increased to £23,825 per annum.

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

Society of St James

Notes forming part of the financial statements for the year ended 31 March 2021 (*Continued*)

21 Pension Scheme (continued)

<i>Present Values of Provision</i>	2021	2020
	£000s	£000s
Present Value of Provision	94	111
 <i>Reconciliation of Opening and Closing Provisions</i>	 2021	 2020
	£000s	£000s
Provision at start of period	111	135
Unwinding of the discount factor (interest expense)	3	2
Deficit contributions paid	(23)	(23)
Remeasurements – impact of any change in assumptions	3	(3)
Remeasurements – amendments to the contribution schedule		
Provision at end of period	94	111
 <i>Income and Expenditure Impact</i>	 2021	 2020
	£000s	£000s
Interest expense	3	2
Remeasurements – impact of any change in assumptions	3	(3)
Remeasurements – amendments to the contribution schedule	-	-
 <i>Assumptions</i>	 2021	 2020
	%	%
Rate of discount	0.66	2.53
		1.39

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

The following schedule details the deficit contributions agreed between the company and the scheme at each year end period:

	2021	2020	2019
	£000s	£000s	£000s
Year 1	24	23	22
Year 2	25	24	23
Year 3	25	25	24
Year 4	22	25	25
Year 5	-	22	25
Year 6	-	-	22
Year 7	-	-	-
Year 8	-	-	-

Society of St James

Notes forming part of the financial statements for the year ended 31 March 2021 (Continued)

21 Pension Scheme (continued)

Hampshire County Council Pension Fund

The Society commenced participation in the Local Government Pension Scheme (LGPS) administered by Hampshire County Council on 1 November 2016.

The disclosures below relate to the funded liabilities within the Hampshire County Council Pension Fund (the "Fund") which is part of the Local Government Pension Scheme (the "LGPS").

The funded nature of the LGPS requires participating employers and their employees to pay contributions into the Fund, calculated at a level intended to balance the pension liabilities with investment assets. The last actuarial valuation was at 31 March 2020 and the contributions to be paid until 31 March 2023 resulting from that valuation are set out in the Fund's Rates and Adjustment Certificate.

The Fund Administering Authority, Hampshire County Council is responsible for the governance of the Fund.

The assets allocated to the Employer in the Fund are notional and are assumed to be invested in line with the investments of the Fund for the purposes of calculating the return to be applied to those notional assets over the accounting period. The Fund is large and holds a significant proportion of its assets in liquid investments. As a consequence, there will be no significant restriction on realising assets if a large payment is required to be paid from the Fund in relation to an employer's liabilities. The assets are invested in a diversified spread of investments and the approximate split of assets for the Fund as a whole is shown in the disclosures.

The Administering Authority may invest a small proportion of the Fund's investments in the assets of some of the employers participating in the Fund if it forms part of their balanced investment strategy.

Reconciliation of funded status to Balance Sheet	31 March 2021 £000s	31 March 2020 £000s
Fair value of assets	1,058	823
Present value of funded defined benefit obligation	(1,050)	(719)
Funded status	<u>8</u>	<u>104</u>
Unrecognised asset	(8)	(104)
(Liability) recognised on balance sheet	<u>0</u>	<u>0</u>

The key actuarial assumptions on which the Scheme Actuary's calculations are based are as follows:

	31 March 2021 % per annum	31 March 2020 % per annum
Discount Rate	2.1	2.3
RPI inflation	2.6	1.8
CPI inflation	2.6	1.8
Pension increases	2.6	1.8
General Pay inflation	3.6	2.8
Pension accounts rate of revaluation		1.8

Society of St James

Notes forming part of the financial statements
for the year ended 31 March 2021 *(Continued)*

21 Pension Scheme (continued)

Mortality Assumptions

The mortality assumptions are based on the recent actual mortality experience of members within the Fund and allow for expected future mortality improvements. Sample life expectancies at 65 resulting from these mortality assumptions are shown below.

Assumed Life expectancy at 65	2021	2020
Male		
Member aged 65 at accounting date	23.1	23.0
Member aged 45 at accounting date	24.8	24.7
Female		
Member aged 65 at accounting date	25.5	25.5
Member aged 45 at accounting date	27.3	27.2

Asset allocation in the scheme is as follows:	2021	2020
	%	%
Equities	57.0	52.7
Property	6.1	7.3
Government bonds	17.3	21.8
Corporate bonds	0	0
Cash	1.4	2
Other	18.2	16.2
Total	100.0	100.0

Amounts recognised in Income Statement	2021	2020
	£000s	£000s
Operating cost		
Current service cost	67	89
Interest on net defined benefit asset	-	(1)
Expense recognised in Income Statement	67	88

Amounts recognised in other Comprehensive Income	2021	2020
	£000s	£000s
Asset gains/ (losses) arising during the period	193	65
Liability gains/ (losses) arising during the period	(237)	51
Adjustments in respect of paragraph 28.22	96	(104)
Total amount recognised in other Comprehensive Income	52	12

Society of St James

Notes forming part of the financial statements
for the year ended 31 March 2021 (*Continued*)

21 Pension Scheme (continued)

Changes to present value of the defined benefit obligation	2021 £000s	2020 £000s
Opening defined benefit obligation	719	651
Current service cost	67	89
Interest expense on defined benefit obligation	17	16
Contributions by participants	11	15
Actuarial (gains)/ losses on liabilities	237	(51)
Net benefits paid out	(1)	(1)
Closing defined benefit obligation	1,050	719
Changes to the fair value of assets	2021 £000s	2020 £000s
Opening fair value of assets	823	650
Interest income on assets	19	17
Remeasurement gains/ (losses) on assets	191	65
Contributions by employer	15	77
Contributions by participants	11	15
Net benefits paid out	(1)	(1)
Closing fair value of assets	1,058	823
Actual Return on Assets	2021 £000s	2020 £000s
Interest income on assets	19	17
Gain/ (loss) on assets	191	65
Actual return on assets	210	82

Society of St James

Notes forming part of the financial statements for the year ended 31 March 2021 (Continued)

22 Reconciliation of operating surpluses to net cash inflow from operating activities

	2021 £000s	2020 £000s
Operating surplus	473	194
Amortisation of intangible fixed asset	26	6
Amortisation of deferred capital grant	(67)	(42)
Depreciation of tangible fixed assets	446	342
(Increase)/Decrease in debtors	(82)	394
Increase/(Decrease) in creditors	195	(170)
Pension scheme adjustment	52	11
	<hr/>	<hr/>
Net cash inflow from operating activities	1043	735
	<hr/>	<hr/>

23 Analysis of change in net debt

	At 1 April 2020 £000s	Cash Flow £000s	Other £000s	At 31 March 2021 £000s
Cash at bank and in hand	1,035	201	-	1,236
Debt due within one year	(105)	105	(248)	(248)
Debt due after one year	(4,410)	(1,826)	248	(5,987)
	<hr/>	<hr/>	<hr/>	<hr/>
Total	(3,480)	(1,520)	-	(4,999)
	<hr/>	<hr/>	<hr/>	<hr/>

24 Related party transactions

Related party transactions have been recorded during the year between a member of Senior Staff and his brother-in-law, with the brother-in-law providing Handyman maintenance services to the Society. The total expenditure with the related party during the year was £79k (2020: £61k) with £3k outstanding at 31 March 2021 (2020: £6k). Additionally, a member of Senior Staff's daughter was employed during the year. The total remuneration for the member of staff was £1k (2020: less than £1k). No other related party transactions have occurred with regards to the Trustees and Senior Staff as listed on page 1 of these accounts, other than remuneration paid to Key Management Personnel set out in note 5.

25 Post Balance Sheet Events

There were no Post Balance Sheet Events

26 Controlling party

At 31 March 2021 the ultimate controlling party was the Trustees and Directors of the Society of St James.

