thirteen

Accounting Policies

Company	All Thirteen Group companies
Lead Manager	Senior Finance Manager (Reporting & Planning)
Date of Final Draft and Version Number	
Review Date	By 31/03/2022
Officers Responsible for Review	Senior Finance Manager - Reporting & Planning Senior Finance Manager - Development & Major Investment Senior Finance Manager – Treasury Senior Finance Manager – Tax Development

CONTENTS

1 POLICY STATEMENT

1.1 Accounting policies are the specific principles, bases, conventions, rules and practices applied by an entity when preparing and presenting its financial statements. These policies would generally be developed to cover transactions or events not included in any Financial Reporting Standard or guidance. In these cases an entity's management would use their judgement to develop policies that are relevant and reliable, reflect the substance of the transaction, are prudent, neutral and complete. Registered Providers should ensure that they adopt accounting policies most appropriate to their circumstances for the purpose of giving a true and fair view, with sufficient information disclosed to enable stakeholders to understand them.

1.2 This policy has been reviewed in line with the revised group structure and to ensure compliance with the Triennial Review of FRS102, the 2018 update of the Housing SORP, and the Accounting Direction for Private Registered Providers of Social Housing 2019 and replaces the previous policy approved by Audit and Risk Committee.

1.3 Accounting Policies have been developed to ensure the Group adopts a clear and consistent approach to accounting across its companies. When developing the policy the Group has considered, where applicable, current UK GAAP, applicable SORPs and the Accounting Direction for Private Registered Providers of Social Housing 2019. This policy is in addition to any statutory guidance and it should be assumed that all disclosures and accounting treatments stipulated in statutory guidance will be met. Where the policy departs from these principles this is stated and reasons given.

2 REFERENCE MATERIAL

2.1 The Housing SORP 2018: statement of recommended practice for registered social housing providers

2.2 UK Generally Accepted Accounting Principles (UK GAAP) including FRS102: the financial reporting standard applicable in the UK and Ireland (FRS102)

2.3 The Accounting Direction for Private Registered Providers of Social Housing 2019.

2.4 The Recovery of Capital Grants and Recycled Capital Grant Fund General Determination 2017

2.5 Section 92 of, and Part 3 Schedule 4 to, the Housing and Planning Act 2016

2.6 FRS9 Associates and Joint Ventures

2.7 FRS5 Reporting the Substance of a Transaction

2.8 FRS16 Current Tax and FRS19 Deferred Tax. The SORP 2018 gives further guidance on deferred tax

2.9 Capital Funding Guide (published by Homes England and last updated 11 June 2019)

2.10 SSAP 5 Accounting for Value Added Tax

3 POLICY CONTENT

3.1 BASIS OF ACCOUNTING

3.1.1 Thirteen

The financial statements of the group and company are prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP), including FRS 102, the Financial Reporting Standard applicable in the UK and Ireland (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. Accounting policies have been applied consistently throughout the year. The financial statements are prepared on a going concern basis, under the historical cost convention.

The group applies the exemption available under Paragraph 1.11 of FRS 102 to not prepare an individual statement of cash flows in the financial statements of its subsidiary companies or the association. A consolidated statement of cash flows is included in the consolidated financial statements.

3.1.2 Thirteen Homes / Thirteen Commercial Services / Thirteen Property Development / Gus Robinson Developments

Financial statements are prepared on a going concern basis, under the historical cost convention, and in compliance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (“FRS102”) Section 1A Small entities and applicable standards in the United Kingdom, and the Companies Act 2006. Accounting policies have been applied consistently throughout the year.

3.1.3 Simplification of basis for quarterly management accounts

Management accounts are reported to the boards throughout the year. To ensure consistency in the presentation of these accounts throughout the year some of the non-cash accounting adjustments are not applied to the management accounts. This may be because they are annual adjustments that would require estimates to be applied, they are not material, or because they would distract the reader from the fundamental content of the management accounts. Examples of these adjustments are:

- Pensions – annual valuation adjustments for defined benefit schemes
- Holiday pay accrual
- Revaluation of investment properties

3.2 BASIS OF CONSOLIDATION

3.2.1 Thirteen Housing Group prepares consolidated financial statements as required by section 9 of FRS102. The consolidated accounts of Thirteen Housing Group consolidate the results of the Thirteen parent company and its subsidiaries which are:

- Thirteen Homes Limited
- Thirteen Commercial Services Limited
- Thirteen Property Development Limited
- Thirteen Social Enterprises Limited (dormant)
- Gus Robinson Developments Limited

Subsidiaries are consolidated using acquisition accounting, from the date of their acquisition, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases. Control comprises the power to govern the financial and operating policies of the investee so as to obtain benefit from its activities.

3.2.2 Gus Robinson Developments is a wholly owned subsidiary of Thirteen Homes Limited and has been included in the group financial statements using the acquisition method of accounting. Thirteen Homes has elected to take the exemption available in paragraph 9.3 of FRS102 not to produce its own consolidated accounts as it is itself a wholly owned subsidiary.

3.2.3 Accounting policies are applied consistently across the group and in the consolidated accounts. Any exceptions to this are reported in the notes to the accounts with an opinion on the impact if considered material.

3.2.4 Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation.

3.2.5 The accounting periods of all the entities within the Thirteen Housing Group run from 1 April to 31 March.

3.2.6 Disclosure requirements are detailed in paragraph 9.23 of FRS102 and paragraph 5.6 of the SORP 2018. Further disclosures relating to the disclosure of intra-group transactions between PRPs and non-PRPs are required by the Accounting Direction 2019 (Part 2, paragraphs 3 and 4). These disclosures are made either in the narrative report or the notes to the financial statements

3.3 TURNOVER AND INCOMING RESOURCES

3.3.1 The turnover of the group comprises income from lettings, revenue grants and contract income, income from properties built for outright sale, first tranche shared ownership sales and income from the sale of goods and rendering of services.

3.3.3 Rents and service charges from lettings are recognised net of losses from voids. Income is recognised from the date the property is first let.

3.3.4 Income from first tranche shared ownership sales and properties built for outright sale is recognised at the point of legal completion of the sale.

3.3.5 Income from the sale of other goods and rendering of services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when the following conditions are satisfied:

- The amount of revenue can be measured reliably;
- It is probable that the consideration will be received;

- The stage of completion of the contract at the end of the reporting period can be measured reliably;
- The costs incurred and the costs to complete the contract can be measured reliably.

3.3.6 SHG and other grants relating to revenue expenditure are credited to the income and expenditure account in the same period as the expenditure to which they relate. Where grants are received in advance of revenue expenditure they are included in creditors until the expenditure has been incurred.

3.3.7 Supporting People and other contract income is recognised when it is entitled to be received under the terms of the contract. Where contracts include an element that is subject to certain conditions being satisfied (eg “payment by results”) this element is recognised once it has been verified that those conditions have been met.

3.3.8 Losses from bad debts are included in operating costs.

3.4 BAD DEBTS

3.4.1 All companies make a provision for bad and doubtful debts.

3.4.2 Provision is based on collection rate experience and consideration of future changes which may affect collection rates.

3.4.3 Where there is a policy in the organisation not to collect 100% of the income chargeable, the amount not collectable is provided immediately.

3.4.4 The bad debt provision is reviewed quarterly, with adjustments being made to the value through the income and expenditure account. Bad debts are written off against the provision once all avenues for collection have been exhausted.

3.5 LEASED ASSETS

3.5.1 Where the group is the lessee:

- Arrangements for the supply or use of assets are reviewed using the definitions under FRS102, paragraphs 20.3A to 20.8 to establish whether it is a lease and, if so, whether it should be classed as a finance lease or an operating lease.
- Finance leases are recorded on the balance sheet as an asset and equally as a liability, calculated in accordance with FRS102 paragraph 20.9 & 20.10, reflecting the obligation to pay future rentals. Rentals payable are apportioned between the finance charge and the reduction of the outstanding liability in accordance with FRS102 paragraph 20.11.
- An asset leased under a finance lease is depreciated over the shorter of the lease term and its useful life in accordance with paragraph 20.12.
- Accounting disclosures for finance leases are made in accordance with FRS102 paragraphs 20.13 and 20.14.
- The rental payable under operating leases is charged to the income and expenditure account on a straight-line basis over the term of the lease, even if the payments are made on a different basis.

3.5.2 Where the group is the lessor:

- A register of leases granted, including a summary of the terms and duration, is held by the group
- An amount due to the group under a finance lease is recorded as a debtor equal to the net investment in the lease, after providing for bad debts in accordance with FRS102 paragraph 20.17. Gross earnings under a finance lease are allocated to accounting periods to give a constant periodic rate of return based on the net cash investment
- Accounting disclosures for finance leases are made in accordance with FRS102 paragraph 20.23
- Rental income from an operating lease is recognised on a straight-line basis over the life of the lease even if payments are not made on that basis. The aggregate cost of any incentives is recognised as a reduction in income over the lease term. Costs incurred in earning the lease income are recognised as an expense
- Assets held for use in operating leases by the lessor are treated as fixed assets and depreciated over their useful lives

3.5.3 Accounting disclosures for operating leases are made in accordance with FRS102 paragraphs 20.16.

3.6 SCHEMES MANAGED BY AGENTS

3.6.1 Each scheme is assessed, in accordance with FRS102 to determine:

- Whether there has been a substantial transfer of the risks and benefits attached to the scheme.
- Whether the use of the asset constitutes a lease under section 20 of FRS102

Where it is established that there has been a substantial transfer of the risks and benefits to the agent, the accounts of the landlord only reflect the income and expenditure relating solely to the landlord. Where it is established that the landlord carries the risk, all of the scheme’s income and expenditure is reflected in the landlord’s accounts

3.6.2 Indications that the risks and benefits have been transferred to the agent include:

- The agent full responsibility for housing management matters including setting rents and charges and bears all void and bad debt losses
- The agent holds the Supporting People contract
- The agent has full responsibility and bears the risk for other grants (other than Supporting People grant)
- The agent controls the expenditure on services provided

3.6.3 Indications that the risks and benefits have been retained by the landlord include:

- The landlord is responsible for rent-setting, retains various housing management functions including possession proceedings, and bears or shares voids and bad debt losses
- The landlord holds the Supporting People contract
- The landlord reimburses the agent for any shortfall in housing income over expenditure
- The agent is accountable to the landlord for grants or contract fees
- The landlord retains responsibility for various expenditure items and closely monitors expenditure incurred by the agent
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3.6.4 Where there are less formal intra-group management arrangements in place, the accounting treatment reflects the way the management arrangements work in practice. If the agreement includes the use of an asset and is therefore judged to constitute a lease, that lease is reported in accordance with Section 20 of FRS102 and Chapter 10 of the Housing SORP 2018.

3.7 RETIREMENT BENEFITS

3.7.1 Thirteen Housing Group participates in three funded multi-employer defined benefit schemes, the Teesside Pension Fund (TPF), the Social Housing Pension Scheme (SHPS) and the Gus Robinson Developments Limited Pension & Assurance Scheme. There are two defined contributions schemes with Aegon for employees of Thirteen Housing Group and separately for employees of Gus Robinson Developments

3.7.2 The TPF and SHPS schemes are accounted for as defined benefit schemes in accordance with FRS102 paragraphs 28.14 to 28.28. The accounting adjustments are applied in period 99 using the FRS102 Accounting Results Schedule supplied by the TPF and the online tool provided by the Pension Trust for the SHPS scheme. The net scheme asset or liability is presented separately in the statement of financial position. The cost of providing retirement benefits to participating employees are charged to operating expenditure in the financial year in which the benefits are earned. The related finance costs, and any other changes in fair value of the assets and liabilities, are recognised in the financial year in which they arise. The operating costs and finance costs are recognised in the statement of comprehensive income with any other changes in fair value of assets and liabilities being recognised in other comprehensive income.

3.8 ACCRUALS AND PREPAYMENTS

3.8.1 In accordance with the accruals concept, the group records costs and revenues in the period in which they incurred. The group takes the following into account when making the decision whether to record an accrual or prepayment:

- Materiality: the group considers a threshold of £5,000 to be appropriate when making an accrual or prepayment for the majority of its cost headings. However, where this could result in an omission or misstatement that could influence the economic decisions of the users of the information this threshold should be reduced. An example of this is supported housing scheme budgets where the omission of accruals could impact significantly on the financial result of that scheme and influence a decision regarding the future provision of the service
- Impact on charges to third parties: where costs are being recovered from third parties, for example through service charges, the accrual threshold should be lowered appropriately
- Prudence: where the threshold of £5,000 is considered imprudent the threshold should be lowered
- The amount to be accrued or prepaid should be supported by an invoice, purchase order or other documentation as appropriate
- The amount to be accrued should reflect as closely as possible the amount that will be included in income and expenditure when the actual transaction is recorded, including any irrecoverable VAT

3.8.2 Identifiable service charges are reported separately from basic rent in the particulars of turnover and operating expenditure from social housing lettings. Service charge income is stated net of void losses. Service chargeable costs are identified separately in operating costs, whether they are charged or not. For example the group may chose not to include all eligible costs in the service charge for a particular property or group of properties (possibly due to affordability issues), the costs are still accounted for as service costs. With affordable rents, intermediate market rents and market rents, the rent charged is inclusive of an element to cover service costs. It is not possible to accurately identify the service charge element of these rents therefore the rent is reported inclusive of service charges.

3.8.3 Under or over recovered variable and leaseholder service charges are included in the operating surplus in the year in which the under or over recovery occurs. This is a departure from the Housing SORP 2018 that states that under or over recoveries of variable and leaseholder service charges should be accounted for as debtors or creditors. This departure has been implemented as it is not possible to calculate the under and over recoveries in a timely and cost-effective manner and it is not considered to have a material impact on the accounts. Unspent expenditure from sinking funds and leaseholder funds are included in creditors.

3.9 HOLIDAY PAY ACCRUAL

3.9.1 FRS102 requires that all unpaid short-term employee benefits are recognised as a liability in the financial statements. The group judges that this requirement applies to untaken paid annual leave and therefore recognises this as a liability. The liability is calculated by taking a sample of holiday cards at the end of the accounting period to determine the average number of untaken days. This number is then applied to the aggregate daily pay costs to arrive at the amount to be accrued. The accrual is calculated annually and any movement is reflected in operating expenditure.

3.10 FIXED ASSETS

3.10.1 Classification of Fixed Assets – Housing Properties

Housing properties are principally properties available for rent and properties subject to shared ownership leases and which qualify as been held for social purpose and/or are a provision of social housing. Housing properties are identified separately from other types of fixed asset.

Housing properties are further identified by:

- Properties held for letting, shared ownership,
- Properties under construction and completed properties.
- Freehold, long leasehold and short leasehold.

Additions to completed properties are distinguished between works to existing properties, schemes completed, and housing properties acquired.

3.10.2 Classification of Fixed Assets – Other Fixed Assets

Other fixed assets are reported separately from housing properties under the following headings:

- Freehold Land & Buildings
- Long Leasehold Land & Buildings
- Short Leasehold Land & Buildings

- Furniture, fittings and ICT/Office Equipment
- Other Plant and Equipment
- Motor Vehicles

These categories are broken down further for depreciation calculations and internal reporting purposes.

3.10.3 Initial Measurement of Cost and Capitalisation Thresholds – Housing Properties

Housing properties under construction are measured at cost. Only costs that are directly attributable to bringing the assets into use are included in the initial measurement. These costs include:

- The direct costs of acquisition/construction including fees
- Development staff costs, where staff have worked wholly on the acquisition and construction of housing properties
- Development period interest, where finance costs are directly attributable to the construction of housing properties

Development period interest capitalised is reported as a deduction from interest payable and the rate of interest is disclosed. The amount of any development period interest written off to the SOCI is also disclosed. Expenditure on the acquisition and construction of housing properties and their individual components is always capitalised.

3.10.4 Initial Measurement of Cost and Capitalisation Thresholds – Other Fixed Assets

Other fixed assets are measured at cost. Only costs that can be directly attributed to acquiring the asset and bringing it into use are capitalised. Finance costs are not capitalised.
In some cases, such as ICT systems implementations, significant costs for consultancy, system support and staffing may be incurred as part of bringing the asset into use. These costs are capitalised provided they are directly attributable to the implementation project and are incurred during the implementation period for the project.

For most categories of other fixed asset, there is a capitalisation threshold of £5,000 for a single item. If an item makes up part of a larger project or asset which is being capitalised in its entirety then it is capitalised regardless of its individual cost. In the case of service chargeable assets, and furniture, fixtures & fittings relating to supported housing schemes, the capitalisation threshold is £500 for a single item.

On an ongoing basis, Other Fixed Assets are stated at historic cost less accumulated depreciation unless there are indicators of impairment (see separate Impairment Policy).

3.10.5 Valuation of Housing Properties

Completed housing properties are stated at cost and/or deemed cost. Valuations, for disclosure purposes, are carried out by an independent qualified[1] valuer in line with lender requirements.

3.10.6 Component Accounting

Where an asset comprises two or more separate components with substantially different UEL, each component should be accounted for separately for depreciation purposes (FRS102 paragraph 17.6). Component accounting is applied to all housing property assets and is consistent across the group. Component accounting is applied to other fixed assets if it is deemed material. A material cost would be if the cost of the component forms a large part of the overall cost of the assets, or if it would have a material impact on the depreciation charge. A list of component types and their UEL is attached at **Appendix B.**

Housing properties previously held by Thirteen Care and Support are not componentised and have UEL's of 50 years.

A suitable method is used for apportioning costs to components for new build or acquired properties. Where the data is available, actual costs from invoices or valuations are used. Where this data is not available, a matrix that is supplied and regularly updated by a suitably qualified person is used.

3.10.7 Subsequent Expenditure on Fixed Assets

Any works to housing properties which do not replace a component or result in an incremental future benefit of the housing property must be charged as expenditure in the SOCI in the accounting period in which it is incurred. Examples of incremental future benefits to a fixed assets include:

- The expenditure results in an increase in the rental income over the life of the property, a reduction in future maintenance costs or a significant extension to the life of the property.
- The expenditure restores or replaces a component that has been treated separately for depreciation purposes.

3.10.8 Depreciation of Housing Properties

Housing property assets are depreciated over their UEL on a straight line basis. Depreciation commences on the first day of the month following the acquisition/handover of the property or the Development or Investment scheme, unless the scheme is handed over in defined phases in which case depreciation commences on the first day of the month following the acquisition/handover of that completed phase. Depreciation is charged up to the last day of the month prior to disposal of the asset.

As far as possible, UELs and residual values are consistent across the Group. Housing properties previously held by Thirteen Care and Support are not componentised and are depreciated over a life of 50 years. When establishing the UEL of an asset, the following criteria are considered:

- Housing property components – stock condition survey lifecycle assumptions

[1] Qualified = RICS (Royal Institute of Chartered Surveyors)

- Housing structures – property type, age and risk profile.

A schedule of asset groups and their UELs is attached at **Appendix B**.

3.10.9 Depreciation of Other Fixed Assets

Other fixed assets are depreciated over their UEL on a straight-line basis. For individual assets, depreciation commences on the first day of the month following the purchase of the asset. Where the asset is part of a wider capital expenditure project, such as an ICT system, depreciation commences on the first day of the month following when the asset is brought into use and its economic benefits begin to be consumed.

Depreciation is charged up to the last day of the month prior to disposal of the asset.As far as possible, UELs and residual values are consistent across all companies within the group.

A schedule of asset groups and their UELs is attached at **Appendix B**.

3.10.10 Disposals, Demolitions and Write-off of Fixed Assets

When the Group disposes of a fixed asset, the value reflected in the SOCI is the difference between the disposal proceeds, less any administrative cost of sale, other levies/fees, external clawback arrangements (e.g. Right To Buy agreements with Local Authorities) , recycled grant, transfers to the disposal proceeds fund, and the carrying value of the assets.

Where it is not possible to identify the individual carrying value of an asset, an average valuation is used relative to the percentage disposed.

In the case of revalued assets, any amounts in the Revaluation Reserve are transferred to the Revenue Reserve upon the disposal of the asset.

The aggregate sales proceeds, carrying values and cost of sales are disclosed in a note to the accounts.

Demolitions and write-offs are treated as disposals with no proceeds. Demolition costs may be treated as a cost of disposal or capitalised depending on the intended use of the site.

3.10.11 Fixed Assets Register

Fixed assets records are held in the Fixed Assets Register, which is maintained using the Fixed Assets module of the Open Accounts Financial System. The asset register is normally updated on a monthly basis. Housing property records in the Fixed Assets Register are reconciled in a timely manner to the housing management system property database in the Orchard Housing System. The Fixed Assets Register is also reconciled to the general ledger in Open Accounts on a quarterly basis.

3.11 INTANGIBLE ASSETS

3.11.1 Where is it deemed that an intangible asset has arisen, the asset will be initially recognised at cost. An intangible asset for Goodwill could arise upon purchase of an existing company. If the consideration paid exceeds the fair value of the assets acquired and liabilities assumed. This goodwill to be recognised at cost.

3.11.2 Intangible Assets ares considered to have a finite useful life which will be assessed upon purchase and shall not exceed 10 years. Intangible assets are depreciated over the useful life on a straight-line basis, commencing the first day of the month following acquisition.

3.12 IMPAIRMENT

3.12.1 FRS102 conveys the principle that fixed assets should be carried in the balance sheet at no more than their recoverable amount.

3.12.2 Assets that are not depreciated, or with a remaining UEL of more than 50 years, are subject to an annual impairment review and other assets are reviewed if there are indicators of impairment. Where assets are divided into components, the UEL of the component with the longest life is used to determine whether it is included in the annual impairment review. In the case of housing property assets, impairment reviews are carried out on groups of similar properties or at scheme/estate level.

3.12.3 Indicators of impairment include:

- Operating deficits or negative cash flows relating to the asset or group of assets
- Increase in voids or decrease in demand
- Significant increase in repair requirements or costs
- Social, demographic or environmental changes that result in the value of properties declining significantly
- Significant adverse changes in the regulatory environment.

3.12.4 Impairment arises if the carrying amount is found to be greater than the higher of the net realisable value and the value-in-use. If impairment is identified an impairment adjustment is carried out. Impairment is recognised in the Statement of Comprehensive Income as expenditure and disclosed as a separate line within operating expenditure where it is considered material.

3.12.5 An impairment loss recognised for all assets, including is reversed in a subsequent period if, and only if, the reasons for the impairment loss have ceased to apply. Indicators that an impairment loss may have decreased will include the opposite of those in 4.4. The reversal is limited to the difference between the revised recoverable amount and the carrying value. The reversal of impairment is included in the Statement of Comprehensive Income as a separate line within operating expenditure and is not netted off operating expenditure.

3.13 SHARED OWNERSHIP

3.13.1 **Shared Ownership and Newbuild Homebuy.**
The cost of unsold shared ownership properties and those under construction is split according to the proportion of the property that will be sold. If this proportion is not known an estimated 50/50 split is applied. The proportion to be sold is included in current assets and the proportion to be retained is included in fixed assets. The retained element of shared ownership properties is stated at deemed cost or historic

cost less any depreciation or impairment. Costs are apportioned to first tranche sale in proportion with the amount of equity being sold. If this method of apportionment results in a surplus on the first tranche sale that exceeds the overall expected surplus, an adjustment is made to the apportionment of costs to limit the surplus on the first tranche sale.

Social Housing Grant (SHG) is accounted for in accordance with Chapter 13 of the SORP 2018. The group follows the SORP 2018 when deciding the treatment of subsequent tranche sales. This is explained more fully in paragraphs 17.28 to 17.30 of FRS102.

3.13.2 **Shared Equity and Homebuy Direct**
The gross sale proceeds and associated costs of sale are reflected in turnover in the Statement of Comprehensive Income of the period in which the disposal occurs. Loans from the landlord to the purchaser are included as a fixed asset investment. Any element of the loan that been funded by a government grant is recognised as a loan to the landlord and is deducted from the asset in the form of a linked presentation. This is explained more fully in FRS5.

The landlord shares in any future capital gain realised on redemption of the loan when the property is sold. If there is a capital loss, this is initially offset against the government backed element of the loan with the remainder being reflected in impairment in the Statement of Comprehensive Income of the period in which the disposal occurs.

3.13 CAPITAL FUNDING

3.14.1 Except where stated otherwise, the treatment of other capital grants is the same as government grants.

3.13.2 Government grants due from Homes England or other Government Organisation or received in advanced is included in the balance sheet as a current liability

3.13.3 Once the Government grant is recognised, dependant on the RP, the Government Grant is accounted for using either the performance model or the accrual model as detailed in the SORP (13.12,13.15 to 13.21)

3.13.4 Government Grant received in respect of revenue expenditure is credited to the income & expenditure account in the same financial year as the expenditure to which it relates.

3.13.5 Grant received from Non-Government Sources is recognised using the performance model as detailed in the SORP.

3.13.6 Government Grant released on the disposal of a property is repayable or recyclable (see section for the Recycled Capital Grant Fund and Disposal Proceeds Fund). The treatment of other capital grants on disposal of the asset is dependent on the terms of the funding agreement.

3.13.7 Government Grant is subordinated to the repayment of loans by agreement with the Homes England.

3.13.8 Grant Recovery – In defined circumstances, capital grant is subject to recovery by Homes England.

3.13.9 Disposal Proceeds Fund - measures introduced by the Housing and Planning Act 2016 have abolished the Disposal Proceeds Fund. Registered Providers that have existing balances in their Disposal Proceeds Fund will be given time to manage down these funds

3.14 RECYCLED CAPITAL GRANT FUND

3.15.1 The Group maintains and administers a Recycled Capital Grant Fund, for holding and recycling grant recovered from the proceeds of a sale. Homes England expects such funds to be robustly managed. Credits to the fund must be closely monitored, spend planned, and the fund regularly reviewed to guard against large sums of uncommitted amounts accumulating. Thirteen Housing Group expects that their review meetings will in part be used to monitor recycled grant spend
Grant released on the sale of a property may be repayable but is normally available to be recycled and is credited to the RCGF.

3.15.2 Recycling of Grant is caused by a relevant event as detailed in The Recovery of Capital Grants and Recycled Capital Grant Fund General Determination 2017 and the grant is accounted for in line with 13.3 to 13.33 of the Statement of Recommended Practices for Registered Social Housing Providers 2018. Recycled capital grant is used to develop new properties and its use is subject to certain conditions. Detailed guidance on the calculation, uses and administration of the fund is detailed in the Recovery of Capital Grants and Recycled Capital Grant Fund General Determination 2017.

3.15.3 The RCGF is included in creditors and the following information is included in the notes to the accounts:

- A reconciliation between the balances held at the beginning of the period of account and the balance at the end of the period of account, showing amounts added into and taken out of the fund. The reasons for amounts taken out are disclosed.
- The amount 3 years or older where repayment to the HCA may be required.

The note to the accounts follows the suggested format that is shown in Annex 2 of the Accounting Direction for Private Registered Providers of Social Housing 2019

3.15 DISPOSAL PROCEEDS FUND

3.16.1 Section 177(2) (A) to (J) of the Housing and Regeneration Act 2008 details the requirement to establish a Disposal Proceeds Fund. Section 92 of, and Part 3 Schedule 4 to, the Housing and Planning Act 2016 repealed section 177 of the Housing and Regeneration Act and abolished DPF with effect from 6 April 2017. However, under transitional arrangements the effect of section 177 has been preserved such that, those providers who had a DPF immediately prior to 6 April 2017, must continue to operate the DPF and comply with the regulator's requirements until:

- The fund is exhausted; or

- The regulator is informed that the association is unable to use or allocate funds in accordance with the Direction; or
- Until 6 April 2020

The DPF is regulated by the Regulator of Social Housing (RSH).

3.16.2 The purpose of the DPF is to provide replacement properties and its use is subject to certain conditions as detailed in section 6 of the Disposal Proceeds Fund: Requirements of The Social Housing Regulator. The DPF is included in creditors and the following information is included in the notes to the accounts:

- A reconciliation between the balances held at the beginning of the period of account and the balance at the end of the period of account, showing amounts added into and taken out of the fund. The reasons for amounts taken out are disclosed.
- The amount 3 years old or older where repayment to the HCA maybe required.

3.16.3 The note to the accounts follows the suggested format that is shown in Annex 3 of the Accounting Direction for Private Registered Providers of Social Housing 2019

3.16 ASSETS ACQUIRED BELOW MARKET VALUE

3.16.1 **Land**

Donated land that is unconnected with any intended development is measured at fair value and included in turnover alongside other donations where the land was donated by a non-public body or as a government grant where it was from a public body. Where land is acquired for a price less than market value or donated as part of a development scheme it is recorded at its fair value. This value takes into account any restrictions on use and will generally equate to the amount paid. Where the fair value does not equate to the amount paid, and the difference is material, the excess of value over the consideration paid for the asset is considered by the SORP to be in substance a non-monetary grant included in the Statement of Financial Position (SoFP) as a liability. The terms of the acquisition are considered to be performance related conditions.

3.16.2 **Other Assets**

Any other asset that is acquired at a price less than market value will also be recorded at its fair value. The excess of value over the consideration paid for the asset is also treated as a non-monetary grant and included in the SoFP as a liability.

3.17 STOCKS AND WORK IN PROGRESS

3.17.1 Stocks of properties for sale are valued at the lower of cost and net realisable value and are subject to an annual impairment review in-line with the impairment policy.

3.17.2 Cost includes all expenditure incurred to bring the property to its current condition and location including an apportionment of development department costs and development period interest.

3.17.3 Where a property for sale is part of a mixed development and is expected to generate a surplus to offset one or more of the other elements of the development that has a EUV-SH that is below cost less grant, the full amount of the surplus is not recognised.

Instead, additional costs are allocated to the element for sale and this is reflected in the cost of the stock for sale. Sales proceeds are estimated using data from recent sales of similar properties in the area.

3.17.4 Further information on the valuation and accounting treatment of first tranche shared ownership sales is included in Shared Ownership and Other Shared Equity Schemes.

3.17.5 Due to the rapid turnover of van stocks the costs are written off in the year the costs are incurred and no balance is held in the balance sheet at the year end.

3.18 INTEREST IN JOINT ARRANGEMENTS

3.18.1 A register of interests in joint arrangements is held by the Group including which company holds the interest, the classification of the interest and the reasons for that classification.

3.18.2 Interests in joint arrangements are evaluated against the definition contained within FRS9 to establish the likely classification of the interest for accounting purposes.

3.18.3 Joint arrangements that are not entities; joint ventures and associates are accounted for using FRS9.

3.18.4 In summary:

Joint arrangements that are not an entity: the Group accounts for its own share of the assets, liabilities and cash flows in the joint arrangement, measured according to the terms of that arrangement.

Joint ventures: the Group uses the **gross equity method** showing, in addition to the amounts included under the equity method, on the face of the Consolidated Statement of Financial Position (CSFP) the Group's share of the gross assets and liabilities of its joint ventures and, in the Statement of Consolidated Income (SOCI), the Group's share of the turnover distinguished from that of the Group.

Associates: in the consolidated financial statements, the Group includes its associates using the equity method in all the primary statements. In individual financial statements interests in associates are treated as fixed assets investments and shown **either** at cost, less any amounts written off, **or** at valuation.

Subsidiaries fall outside the scope of this policy.

For simple investments, the interest in the other entity is included in investments at **either** cost **or** valuation.

3.19 INVESTMENT PROPERTY

3.19.1 Some of the Group's properties may be classified as investment properties under section 16 of FRS102, as opposed to property, plant and equipment under section 17 of the same accounting standard. The classification of an asset as an investment property depends on the intended use of the property, and whether this use meets the definition of an investment property.

3.19.2 Properties held to earn commercial rentals or for capital appreciation, which includes market rented properties and commercial properties, are treated as investment properties.

3.19.3 Properties used in the production or supply of goods or services, used for administrative purposes, or held for social benefit (SORP 2014) are treated as property, plant and equipment.

3.19.4 Investment properties are measured at fair value at the end of each reporting period, with any changes in value charged to the statement of comprehensive income. Only investment properties whose fair value can be measured reliably without undue cost or effort on an ongoing basis are accounted for on this basis, any other investment properties are accounted for as property, plant and equipment.

3.19.5 A property is only transferred to or from investment properties when it begins or ceases to meet the definition of an investment property, or if a reliable measure of fair value becomes or is no longer available for that property.

3.19.6 Disclosures are provided to reconcile any changes to the carrying amounts of investment properties during the period and to explain the methods and assumptions used to determine the fair value

3.20 INVESTMENT IN SUBSIDIARIES

3.20.1 Investments in subsidiaries are recognised at cost.

3.20.2 Impairment could arise if the carrying amount is found to be greater than the higher net realisable value therefore an impairment review is to be carried out annually.

3.21 RESERVES

3.21.1 Where properties are held at valuation, the group uses a revaluation reserve to record any appreciations in the value of housing properties. Revaluation gains are credited to the revaluation reserve and reported in the statement of total recognised surpluses and deficits, except where it reverses a previous impairment that was recognised in the income and expenditure account in which case it is credited to the income and expenditure account. Where the FRS102 transitional arrangement to hold properties at deemed cost has been applied, the revaluation reserve is maintained with the only movements being for asset disposals and depreciation. In the absence of asset-specific historical accounting records for properties previously held by Tristar Homes and Housing Hartlepool management have calculated the movement between the revaluation reserve and the income and expenditure reserve relating to asset disposals and depreciation in the following way: the revaluation balance at 31 March 2015 was apportioned over all existing assets, at deemed cost, at that date and this apportionment value is used to calculate the movement between reserves. The adjustment is calculated in line with the useful economic life of the structure component. The effect of this adjustment is that as the structure depreciates, the revaluation reserve apportioned to it reduces at the same rate. The revaluation reserve is stated separately on the face of the balance sheet.

3.21.2 The group uses designated reserves to designate reserves for particular purposes. The use of designated reserves is limited and there is an expectation that the funds are transferred back to the revenue reserve in the period that the expenditure is charged to the income and expenditure account. Expenditure against designated reserves is taken through the income and expenditure account. Designated reserves are an internal matter and are therefore not disclosed separately in the financial statements. The group uses restricted reserves to record reserves that are the subject of externally imposed restrictions. Restricted reserves are stated separately on the face of the balance sheet and broken down in a note to the accounts that also discloses the restrictions on the reserve and an analysis of any movements in the year. Expenditure against restricted reserves is taken through the income and expenditure account.

3.21.3 Movements in reserves during the financial year are presented in the Statement of Changes in Reserves.

3.22 AGREEMENT TO IMPROVE EXISTING PROPERTIES

3.22.1 Where a company enters into an agreement to improve existing properties it will consider the substance of the transaction when deciding how to treat this transaction in its accounts.

3.22.2 Tristar Homes Limited, Housing Hartlepool and Erimus Housing Limited entered into agreements to purchase improved properties from the local authority and, at the same time, entered into sub-contracting agreements to carry out those improvements on behalf of the local authority for a fixed sum established in advance. These agreements subsequently transferred to Thirteen Housing Group.

3.22.3 The impact of these transactions is that, whilst the local authority has a legal obligation to the landlord to complete the refurbishment works, this work has been contracted back to the landlord which is also legally obligated. The underlying substance of the transaction is therefore that the landlord has acquired the properties in their existing condition at their agreed value and will complete certain repairs and improvements in line with the legal agreement.

3.22.4 In the opinion of the directors, the commercial effect of these transactions, when viewed as whole, did not in practice create separate assets and liabilities for reporting purposes. Therefore, the resulting debit and credit balances relating to the legal obligation of the council to complete the refurbishment works for the landlords and the equal and opposite legal obligation of the landlords to perform the refurbishment works for the council were offset and were not recorded in the balance sheet.

3.22.5 Disclosures are made in the accounts to enable the reader to understand the commercial effect of the transaction. The outstanding asset and liability are disclosed in the notes to the accounts.

3.22.6 Expenditure incurred under the agreement is taken through the Income and Expenditure Account net of recoverable VAT or is capitalised net of recoverable VAT, as per the component accounting policy.

3.22.7 VAT recoverable as a result of the agreement is debited to the VAT control. If the agreement states that the VAT recovered must be applied for a particular purpose a transfer is made from free reserves to designated reserves for the amount of VAT recoverable. If the agreement includes sharing of the VAT recovered with the local authority, the amount repayable to the local authority is included in creditors.

3.23 INTEREST RECEIVABLE AND PAYABLE

3.23.1 Interest receivable or payable is credited or charged to the income and expenditure account in the financial year to which it relates. Where interest is charged or credited directly to activities other than social housing lettings this is disclosed.

3.23.2 Interest is capitalised on borrowings to finance developments to the extent that it accrues in the financial year of development if it represents **either** interest on borrowings specifically financing the development programme after the deduction of Social Housing Grant (SHG) in advance **or** interest on the borrowings of the company as a whole after deduction of SHG in advance to the extent that they can be deemed to be financing the development programme. In the latter case a weighted average cost of borrowing is used. Development period interest capitalised is reported as a deduction from interest payable and the rate of interest is disclosed. The amount of any development period interest written off in the Statement of Consolidated Income (COSI) is also disclosed.

3.24 TAXATION

3.24.1 The accounts of each entity in the Group state the taxation status of that entity.

3.24.2 Non-charitable entities are liable for Corporation Tax, and charitable entities may be required to pay tax on some of their activities. Any charge for taxation is based on the taxable results for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Income and capital gains are generally exempt from tax if applied for charitable purposes.

3.24.3 Current tax, including UK Corporation Tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

3.24.4 Corporation tax is accounted for in accordance with FRS16 Current Tax and FRS19 Deferred Tax (if applicable).

3.24.5 Entities that are registered providers provide an analysis of the tax charge for the year including: the Corporation Tax for the period of account, any over or under provision of Corporation Tax in previous period(s) of account and the charge to deferred tax for the period of account, in accordance with the Accounting Direction 2019.

3.25 VALUE ADDED TAX

3.25.1 The majority of the operating income of the Group is from housing rent and exempt from VAT, consequently, the VAT on associated expenditure is not recoverable. The Group charges VAT on a variety of incomes from other business activities and is able to recover VAT on expenditure related to that income.

3.25.2 The financial statements of the Group include VAT to the extent that it is borne by the Group and not recoverable from Her Majesties Revenue and Customs (HMRC). The balance of VAT receivable or payable is included in short term debtors or creditors.

3.25.3 The Group has in place “VAT Shelter” agreements, the details of which are included in the Agreement to Improve Existing Properties policy. These agreements enable the Group to recover VAT on the improvement works to existing properties, so far as they fall under the terms of the agreement. For VAT recoverable as a result of a VAT Shelter agreement, if the agreement states that the VAT recovered must be applied for a particular purpose then the recovered amounts are held in designated reserves. If the agreement includes sharing of the VAT recovered with the local authority, then the amount repayable to the local authority is included in creditors.

3.25.4 The Group operates a partial exemption method that allows the reclaiming of VAT on a proportion of its overhead costs. Standard and special methods of calculation are applied and reviewed annually.

3.25.5 Capital Goods Schemes will be operated in accordance with the current VAT regulation and a register of schemes maintained.

3.25.6 Options to Tax may be exercised where considered tax efficient, and a register maintained.

3.25.7 Other VAT efficient methods will be considered, where compliant and efficient

4 ACCOUNTING POLICIES NOTES

The group’s principal accounting policies for which confirmation of policy in relation to the reported figures is required, are set out in the notes to the annual accounts

Equality and Diversity	Not applicable to this policy.
Customer Involvement and Consultation	Not applicable to this policy.
Monitoring and Review	The Senior Finance Manager - Reporting & Planning is responsible for reviewing the policy. Compliance with this policy will be monitored as part of the annual audit of the statutory accounts. This policy will be reviewed every three years, unless there are changes in legislation, regulation or internal systems that necessitate an earlier review. The Senior Finance Manager (Reporting & Planning) is responsible for ascertaining when a review is required.
Responsibility	The Senior Finance Manager - Reporting & Planning – overall implementation and operational delivery of the policy. Operational delivery of relevant components of this policy lies with the Senior Finance Manager – Development & Major Investment, Senior Finance Manager – Treasury, and Senior Finance Manager – Tax Development.

For use by the Governance team

Date approved by Audit & Risk Committee	
Date added to Index	
Date added to Internet	
Date added to Intranet	
Linked to Policy or Procedure Number	
Linked to Strategy Number	

APPENDIX A – DEPRECIATION RATES

	UEL's (yrs)	%
Housing Properties		
Structure:-		
New Build / Traditional Shared Ownership / Supported Housing / Market Rent / Long Leasehold	125	0.80%
LSVT properties / Recent Refurbishments, Mortgage Rescued Property	80	1.25%
Older Properties (historical ex BOWCHA (TVHL) properties / Thirteen Care & Support properties)	60	1.67%
DIYSO (historical old SO tenure type in TVHL)	25	4.00%
Short Leasehold Property	Over life of lease	
Structural works, including EWI, cladding, damp proof course and insulation	In line with above	
Freehold Land	n/a	
Kitchens	20	5.00%
Bathrooms	30	3.33%
Roofs (including fascias, soffits, guttering & downpipes)	50	2.00%
Windows	30	3.33%
Doors	30	3.33%
Heating System	30	3.33%
Boiler only	15	6.67%
Electrical (wiring / rewiring)	30	3.33%
Air Source Heat Pumps	20	5.00%
Solar/PV Panels	25	4.00%
Compliance & Security	12	8.33%
Aids and Adaptations	15	6.67%
Environmental Works	15	6.67%
Other Fixed Assets		
Freehold Buildings (including offices)	same as housing properties	
Freehold Buildings (shops & community centres)	same as housing properties	
Area Offices (LSVT properties)	same as housing properties	
Garages	same as housing properties	
Furniture, Fixtures and Fittings (including offices)	5	20.00%
Noise Monitoring Equipment	5	20.00%
CCTV Monitoring Equipment	7	14.29%
Computers and Office Equipment	5	20.00%
Motor Vehicles	5	20.00%
Other Plant and Equipment	10	10.00%
Grounds Maintenance Equipment	4	25.00%
Market Rented Property Equipment	10	10.00%
Rental Furniture	3	33.33%
Service Charge Equipment:-		

Fire Fighting Equipment	12	8.33%
Warden Call	15	6.67%
Door Entry Systems	20	5.00%
TV Aerials	20	5.00%
Emergency Lighting	20	5.00%
Fire Detection equipment	25	4.00%
District Heating Systems (Elderly and Extra Care Schemes)	25	4.00%
Lifts (through floor lifts)	35	2.86%
Sheltered Furniture, Fixtures and Fittings	5	20.00%
Miscellaneous Service Charge Equipment including but not exclusively:-	10	10.00%
Palladins		
Communal flooring & furnishings		
Laundry equipment		
Cookers, refrigerators, and other similar goods		
Communal Boilers		
Water Tanks		

All entities use straight line depreciation and do not hold any residual values against the assets.

APPENDIX B - DEFINITIONS

Accruals concept: the requirement to record costs and revenues in the period in which they are incurred, not in the period they are paid

Accrued expenditure: an estimate of cost which has been incurred but has not yet been paid or recorded in the accounting system. Accrued expenditure is a current liability in the accounts

Accrued income: an estimated amount of income which has been earned, but the transaction has not yet been received or recorded in the accounting system. Accrued income is a current asset in the accounts

Agent - third party organisation with an agreement to manage a housing scheme on behalf of the landlord

Agreements to Improve Existing Properties – agreements to purchase improved property from a third party (such as a local authority) and, at the same time, enter a sub-contracting agreement to carry out the improvement works on behalf of the same third party, usually for the purposes of operating a VAT shelter arrangement approved by HMRC

All companies – refers to all entities in the Thirteen Housing Group

Associate – an entity (other than a subsidiary) in which the reporting entity (investor) has a participating interest and over whose operating and financial policies the investor exercises a significant influence. A holding of more than 20% of the shares or voting rights could be presumed to be a participating interest

Bad debt – a debt which becomes irrecoverable

Capital grants – grants received towards the purchase, refurbishment or construction of a fixed asset and grant received towards the regeneration of estates

Carrying amount – on an asset or cash-generating unit is calculated as the net book value of an asset (or CGU) which is the cost or valuation less depreciation less any unamortised grant in the Statement of Financial position relating to the asset or CGU

Cash-generating unit (CGU)– the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets

Current tax: The amount of tax estimated to be payable or recoverable in respect of the taxable profit or loss for a period, along with adjustments to estimates in respect of previous periods.

Debt – amount owed to the group

Debtor – customer who owes money to the group

Deemed Cost – An amount used as a surrogate for cost or depreciated cost at a given date. Subsequent depreciation or amortisation assumes that the entity had initially recognised the asset or liability at the given date and that its cost was equal to the deemed cost

Deferred tax: Estimated future tax consequences of transactions and events recognised in the financial statements of the current and previous periods.

Defined benefit scheme: a pension or other retirement scheme other than a defined contribution scheme. The scheme rules define the benefits independently of the contributions payable. Schemes may be funded or unfunded

Defined contribution scheme: a pension or other retirement scheme into which an employer pays regular contributions fixed as an amount or as a percentage of pay and will have no obligation to pay further contributions to the scheme. A member's benefits are determined by reference to contributions paid into the scheme

Depreciated replacement cost – the most economic cost required for the entity to replace the service potential of an asset (including the amount that the entity will receive from its disposal at the end of its useful life) at the reporting date

Designated Reserve – a reserve earmarked internally for a specified purpose

Development period interest - Interest on borrowings to finance developments to the extent that it accrues in the financial year of development, representing **either** interest on borrowings specifically financing the development programme after the deduction of Social Housing Grant (SHG) in advance **or** interest on the borrowings of the company as a whole after deduction of SHG in advance to the extent that they can be deemed to be financing the development programme.

Doubtful debt – a debt that is unlikely to be recoverable

Fair value – The amount for which as asset could be exchanged between knowledgeable and willing parties in an arm's length transaction

Finance lease - a lease that transfers substantially all the risks and rewards of ownership to the lessee.

First tranche sales: the initial percentage of a shared ownership property that is sold by the landlord

Fixed Assets – Assets of an entity which are intended for use on a continuing basis in the entity's activities.

Goodwill– an intangible asset that could arise upon purchase of an existing company

Government grant - assistance by the Government in the form of a transfer of resources to an entity in return for past or future compliance with specified conditions relating to the operating activities of the entity.

Homebuy direct: a form of low cost home ownership where the purchaser buys a new build property with an equity loan of up to 30% of the purchase price, with the loan jointly funded by the government and the developing landlord. There are no monthly repayment requirements. The landlord shares in any future capital gain realised on redemption of the loan when the property is sold

Impairment– occurs when the carrying amount of an asset exceeds its recoverable amount..

Intangible Asset – an identifiable non-monetary asset without physical substance.

Investment Properties – land, buildings or both held by the owner or lessee under a finance lease to earn rentals or for capital appreciation or both, rather than for:

a) use in the production or supply of goods or services or for administrative purposes; or
b) sale in the ordinary course of business

Joint arrangement that is not an entity – a contractual arrangement under which the participants engage in joint activities that do not create an entity, because the joint arrangement would not be carrying on a trade or business of its own.

Joint control – a reporting entity jointly controls a venture with one or more other entities if none of the entities alone can control that entity, but all combined can exercise control, and strategic or policy decisions require the consent of each party to the venture

Joint venture – an entity in which the reporting entity holds an interest on a long term basis, and is jointly controlled by the reporting entity and one or more other parties to the venture, under a contractual arrangement.

Landlord –member of the Thirteen Group that is a provider of housing

Lease - agreement or arrangement that conveys the right to use an asset

Net realisable value - the estimated proceeds from the sale of items of stock less further costs to completion and costs incurred in marketing and selling the item

Prepaid expenditure: an expense that has been paid which relates to a future accounting period. Prepaid expenditure is a current asset in the accounts

Prepaid income: income which has been received for goods or services which are going to be provided in a future accounting period. Prepaid income is a current liability in the accounts

Recycled Capital Grant Fund (RCGF) - a fund for holding/recycling grant that has been recovered from the proceeds of a sale

Recoverable amount – the higher of the value-in-use and the fair value less costs to sell

Restricted Reserve – a reserve whose use is subject to external restrictions

Revaluation Reserve – a reserve arising from the upward valuation of fixed assets or investments.

RP – entity within the Thirteen Housing Group that is a Registered Provider of Social Housing

Scheme managed by agent – a property/group of properties that is owned by a landlord but has an agreement with a third party to manage those properties

Service charges: charges levied for property-related services provided beyond those covered by the basic rent. These services relate mainly to the provision and maintenance of communal areas such as corridors, stairways and lifts in blocks, and the upkeep of external grounds

Service costs: costs related to providing the above services

Service potential – The capacity to provide services that contribute to achieving an entity’s objectives. Service potential enables an entity to achieve its objectives without necessarily generating net cash inflows

Shared equity: a form of low cost home ownership where the purchaser buys a property with the aid of a shared equity loan provided by the developing landlord. There are no monthly repayment requirements. The landlord shares in any future capital gain realised on redemption of the loan when the property is sold
Shared ownership (including Newbuild Homebuy): a form of low cost home ownership where the purchaser initially buys a percentage share in a property. The remaining equity remains with the landlord who charges rent based on the equity retained. The purchaser can purchase additional tranches of equity until they own the property outright

SHG – Social Housing Grant

Short-term benefits: items such as salaries, paid annual leave, paid sick leave, bonuses and other benefits that are expected to be paid within 12 months of the end of the accounting period to which they relate

Simple investment – the investor has limited influence or its interest is not long-term

SOCI – Statement of Comprehensive Income.

Staircasing: the purchase of additional tranches of equity in a shared ownership property.

Stock of Repairs Materials - are used for the ongoing maintenance of housing properties. Following the out sourcing of the internal central stores in July 2016, the only repair materials now held by the group are those held in the vans used by repairs staff

Stock of Properties for Sale - Housing Properties which are held for sale in the ordinary course of business or in the process of production for such sale and include completed properties for outright sale and 1st Tranche shared ownership sales

Subsidiary – a company which is owned or controlled by another company

Supporting People – publicly funded provision of housing related support for vulnerable people

The Group – refers to Thirteen Housing Group including all entities within the Group.

UEL – Useful Economic Life

Value-in-use - the present value (PV) of future cash flows obtainable as a result of the continued use of the asset. However, paragraph 27.20A of FRS 102 states that “for assets held for their service potential, a cash flow driven valuation (such as value in use) may not be appropriate. In these circumstances, value in use (in respect of assets held for their service potential) is determined by the present value of the asset’s remaining service potential plus the net amount the entity will receive from its disposal. In some cases, this may be taken to be the costs avoided by possession of the asset. Therefore, depreciated replacement cost may be a suitable measurement model, but other approaches may be used where more appropriate.

Value -in-use (in respect of assets held for their service potential) VIU-SP – is an estimate of the value in use of an asset or CGU which takes into consideration the service potential of the asset and is not based purely on the cash flows generated. Whilst it is recognised that properties held for their service potential do generate a cash flow, an estimation technique based purely on those cash flows do not reflect the value of the service potential of the asset (or CGU) to the social landlord. The SORP considers that depreciated replacement cost will provide a reasonable estimate of the VIU-SP for social housing properties in circumstances where the asset (or CGU) still provides some level of service potential.

Value added Tax (VAT) - a tax on the supply of goods and services that is eventually borne by the final consumer but collected at each stage of the production and distribution chain