

**thirteen**

Care and Support

Registered Company Number: 1810498  
Charity Number: 515150

**THIRTEEN CARE AND SUPPORT LIMITED**

**Annual Report and Financial Statements**

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**Year Ended 31 March 2016**

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## Board Directors, Executive Directors, Advisors and Bankers

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### Registered Numbers

Registered as a company limited by guarantee	1810498
Registered Charity	515150

### Registered Office

Northshore  
North Shore Road  
Stockton-on-Tees  
TS18 2NB

### Board of Directors

Chair

Gill Rollings

Other Directors

Robin Brims  
David Cheetham  
Nadeem Ahmad  
Peter Fletcher (from 1 July 2015)  
Judith Browne  
Simon James  
Christine Storrs  
Helen Batey (to 30 June 2015)  
Jim Scollen (to 30 June 2015)

Lead Executive

Christine Smith (from 10 July 2015)  
Susan Bickerton (to 10 July 2015)

### Company Secretary

Heather Ashton

### Independent Auditors

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Central Square South  
Orchard Street  
Newcastle upon Tyne  
NE1 3AZ

### Solicitors

Anthony Collins Solicitors LLP  
134 Edmund Street  
Birmingham  
BS3 2ES

### Bankers

Lloyds TSB  
44 Front Street  
Whickham  
Newcastle upon Tyne  
NE16 4DS

## Directors' Report

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### Structure, Governance and Management of Thirteen Care and Support

Thirteen Care and Support Limited ('Thirteen Care and Support'), is a charity registered with the Charity Commission and a company limited by guarantee.

During the financial year the company was a wholly owned subsidiary and partner organisation of Thirteen Housing Group Limited ('Thirteen'). Thirteen is the non-asset owning, non-charitable parent which is a company limited by guarantee and also a registered provider of social housing with the Homes and Communities Agency.

Thirteen Care and Support was formed from the care and support services previously delivered by Norcare Limited and Tees Valley Housing Limited. The company's governing document is its articles of association. The organisation structure includes a board of directors which is responsible for governance, strategy and mission, advising, directing and supporting the senior management team on strategic policy and financial matters as set out in the intragroup agreement with Thirteen.

This report has been prepared in accordance with the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015), Statement of Recommended Practice: Accounting and Reporting by Charities (issued March 2005) and in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006. As such, a strategic report has not been produced.

### Objectives, Principal Activities and Geographical Focus

Thirteen Care and Support is a care and support provider. Its main activities are the delivery of accommodation and housing support services to vulnerable people in the north east region.

The objectives of the company are to relieve social deprivation amongst persons and families by any project as the organisation thinks fit, and to further research, disseminate information and promote support for such purposes.

Being part of the Thirteen during the year 2015/16 provided further strength to our ability to focus on relieving social deprivation amongst individuals and families.

### Strategic Priorities

In Thirteen Care and Support there is a key role to play in supporting the delivery of the Thirteen group's strategic aims and priorities through promoting and developing:

- The individual resilience of the people to whom we provide care and support services;
- The resilience of the communities in the areas where Thirteen has its housing stock and delivers housing and wider community services;
- A strong and sustainable care and support organisation that adds value to the Thirteen group;
- Strong partnerships with other carefully selected providers who add value to our work and support our growth.

## Directors' Report

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Our core business is the delivery of support designed to maximise the independence of the individual we are working with. We deliver this support in a manner which enables the service user to help themselves, within an ethos of building resilience and social capital.

### Board Members and Lead Executive

The board members and the executive director of the group who were in office during the year and up to the date of signing the financial statements are set out on page two.

The board consists of a chair, and at least five other directors, including the lead executive for Thirteen Care and Support. The maximum number of directors is 12. It must meet not less than four times per year and a quorum comprises four directors. Directors are appointed by the Group Remuneration Committee on behalf of the Thirteen Board. Some board directors are already familiar with the practical work of Thirteen Care and Support having been appointed with an understanding of the work and the sector.

Additionally, all board directors are invited and encouraged to attend learning and development activities in order to familiarise themselves with the company and the context within which it operates. Thirteen Care and Support also arranges board development, targeted specifically at the role and responsibilities of company board directors. Board directors also take part in development days designed for all board directors within Thirteen.

Thirteen Care and Support has an appraisal process tailored specifically for board directors, which is conducted annually.

The lead executive for Thirteen Care and Support is Christine Smith, Thirteen's Group Director of Business Development. She holds no interest in the group's shares and acts as an executive within the authority delegated by the board. The board also has the power to co-opt additional members should this be required.

Remuneration paid to non-executive directors in the financial year was £8,000 (2015: £nil).

### **Service contracts**

The lead executive is employed on the same terms as other staff, except that her notice period would be three months.

### **Pensions**

The lead executive is a member of the Teesside Pension Fund, a defined benefit pension scheme. The executive director participates in the scheme on the same terms as all other eligible staff.

### Directors' Indemnities

As permitted by the articles of association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The company also maintained throughout the financial year directors' and officers' liability insurance in respect of itself and its directors.

## Directors' Report

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### Employees

Delivering great services and meeting our obligations is a team effort and is heavily reliant upon everyone involved being aware of the part that they play, being fully committed and having the right skills and experience. Thirteen Care and Support operates within the overall employee engagement framework of Thirteen.

Through the direction of the chair and the board, we have ensured our strategies and frameworks are fit for purpose and make these roles and responsibilities clear; whilst ensuring that decisions can be taken by the right people, taking into account the views of both customers and employees. We have improved our approach to shaping and sharing this information, which has included the introduction of the managers' forum and will be using Aon Hewitt's Model of Employee Engagement as the basis for continually improving our approach moving forward.

During the year, we have used the established consultation and negotiations framework to have meaningful discussions on matters that directly affect staff. This framework, which recognises both staff and union representatives, has resulted in some significant changes being implemented. These have included the introduction of a single set of terms and conditions for all staff, as well as changes to the staffing structures that will ensure we are better equipped to deliver services; in particular in Thirteen Care and Support, where the structures that delivered front line services had not been reviewed since the creation of the Thirteen.

Throughout these changes, we have ensured that staff members are supported, and provided with the necessary skills and training to deliver their roles moving forward.

We have also continued to honour our commitment to having a diverse workforce and to ensuring that our pay and terms and conditions meet equal pay principles. We will continue this pledge in the years to come.

With the board fully aware of its health and safety responsibilities, it has continued to use the consultation framework, which includes a Health and Safety Committee and working groups from all directorates. Our health and safety policy statement, which is supported by detailed policies and procedures, is reviewed on an annual basis, with training and education provided to staff on all relevant matters.

The board also ensures there is an appropriate performance management framework, to identify any gaps in training and development that can be addressed in the following year.

### Donations

Thirteen Care and Support made no donations in its own right in 2016 (total donations in 2015: £nil) and made no political donations (2015: £nil). Details of donations made by Thirteen on behalf of all group companies are contained in the directors' report in the consolidated financial statements of Thirteen Housing Group Limited.

### Risk Management

The directors have examined the operational risks that the company faces and confirm that systems have been established to enable regular reports to be produced. The senior management team has formulated and monitors a risk register and risk management plan. In addition, the Head of Service Delivery chairs a risk and compliance group which all service delivery managers and locality managers attend to monitor key risks and responsibilities to ensure these are being addressed. The Thirteen Group Audit and Risk Committee operates on behalf of the whole group and there is a member of Thirteen Care and Support's board on this committee. The operational risks of Thirteen

## Directors' Report

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Care and Support have fed into the strategic risks reviewed by Thirteen. The Thirteen Care and Support board has recently introduced a process whereby at the end of each meeting their discussions and decisions are reviewed against the strategic risks to establish whether they have had any implications for the current risk levels.

This year has been particularly challenging for Thirteen Care and Support given the government's intentions to apply the 1% social housing rent reduction and the implications of applying local housing allowance (LHA) rates to supported housing accommodation. Whilst the government has committed to undertaking a full review of this policy ahead of implementation, there will be significant risks to care and support income on several schemes. In assessing this, the Thirteen Care and Support board has undertaken a red/amber/green review of all projects to understand the impact and develop mitigating actions.

### Public Benefit

Trustees have taken into consideration the Charity Commission guidance on public benefit and can state that Thirteen Care and Support is committed to helping socially and economically disadvantaged people throughout the north east region. Supported housing bed spaces and floating support services are offered to people that come under the following categories: young and homeless people, troubled families, ex-offenders or those at risk of offending, people who misuse drugs and alcohol, people who experience enduring mental illness, women and families fleeing violence and ex-servicemen and women.

### Related Parties

In so far as it is complementary to the company's objectives, it is guided by both local and national policy. At a national level Thirteen Care and Support's work is steered by housing, health, education, employment and criminal justice policies. The local partnerships charged with responsibility for delivering the commissioning services at the local level include representatives from, amongst others; the local authority, health, criminal justice, social services and voluntary sector agencies. The opportunity to be involved in groups addressing these areas continues to be invaluable for Thirteen Care and Support.

### Activity during the period

The Group Director of Care and Support and lead executive to Thirteen Care and Support retired in July 2015 and the lead executive responsibilities transferred to Thirteen's Group Director of Business Development. Whilst still maintaining its own clear identity, Thirteen Care and Support's service delivery activity has been integrated within the operations department of Thirteen.

A business plan has been produced for Thirteen Care and Support which supports the overall strategic direction of Thirteen. In turn our five year strategy supports the delivery of Thirteen's strategic priorities in a way which is relevant and appropriate for Thirteen Care and Support:

- **Promoting Resilience and Sustainability** - *Thirteen Care and Support has a key role to play in helping individuals to develop resilience in a way that enables them to live independently. Our approach will be one of helping people to help themselves.*

**Committed to Growth and Adding Value** - *by growing our core business of supporting the needs of people where this is linked to our existing strengths. We will in particular aim to*

## Directors' Report

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*support the current and future health and crime agendas by promoting innovative approaches.*

- **Building a Great Organisation** - *in particular ensuring Thirteen Care and Support is a great part of the organisation. We will aim to deliver exemplary employee engagement and role model the embedding of our values and associated behaviours.*

Our priorities for the past year have been:

- Reviewing and improving our market and service offer;
- Growing the business; and
- Providing support to the customers of our landlords which is integrated within the other services on offer by the group (including support to stay).

During the year we have:

- Improved our integrated service offer for people fleeing domestic abuse, including significant frontline staff training and managers training in the Open College Network (OCN) accredited domestic abuse service managers award facilitated by Safer Lives. This has resulted in securing funding for a number of new services;
- Developed an innovative hospital discharge pilot to assist people with complex needs to leave hospital in a planned and coordinated way to reduce hospital readmissions;
- We have expanded our volunteer and peer mentor offer and have developed an internal framework which is delivered by our coordinator who is now trained to deliver Credit 4 Learning level 2 award in mentoring vulnerable client groups. We are working towards achieving Investors in Volunteers in 2016/17;
- Launched our public health funded community health hubs and shared houses in Middlesbrough. These resources are being used by both local residents as well as service users;
- Continued our extensive training in a wide range of psycho-social intervention techniques as part of our approach to professionalising our workforce – including motivational interviewing, cognitive behavioural therapy and brief solution focused therapy;
- Developed a new frontline staff peer led “reflective practice” supervision to help underpin the practice and delivery of psycho-social interventions; and
- Developed a housing and support service for both Syrian refugee families and unaccompanied minors.

## Funding

The 2015/16 financial year saw further reductions in our contract funding as some local authorities continue to cut spending as a result of the ongoing austerity measures, however, more so than in previous years, some of these reductions were offset by income derived by winning new business. In terms of our existing business, we continue to see some of our contracts being extended rather than being put out to tender. The delivery of many of our schemes has been remodelled to ensure further increases in value for money. Increased grant funding for the provision of support for veterans has been secured throughout the year and has ensured the sustainability of these services over the next few years.

## **Directors' Report**

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### **Partnership Working**

Thirteen Care and Support's clients often have complex and interdependent needs. Staff have identified multiple approaches which deliver specialised interventions at the right time for the client. Staff knowledge of local services enables them to identify the relevant support available to clients and to work in partnership with a vast number of organisations to deliver a bespoke support package. Importantly we have been successful in winning a number of tenders as a result of our partnership approach to tendering and delivery of contracts.

### **Recording of the Outcomes Achieved by our Clients**

In-form continues to be used extensively throughout Thirteen Care and Support to enable the robust data regarding outcomes for clients to be collated. Thirteen has invested in a new integrated ICT system which will handle information relating to both the group's properties and customers.

### **Performance Management**

A dedicated balanced scorecard has been agreed by the board which captures performance against a number of key performance indicators for Thirteen Care and Support. This, along with information relating to local authority contract reviews and our own in-house scheme evaluations, reinforces that we are continuing to provide good quality services for our clients.

In response to the board's request, strategic performance indicators have been reviewed for 2016/17 to be more in line with wider group priorities whilst still reflecting the unique outcome requirements of support contracts.

A measure of performance in this sector is the percentage of support costs to total income generated with performance for 2015/16 of 6.99% (2015: 5.61%), reflecting the increase in support costs in line with the overall increase in expenditure in the period.

### **Support to Stay**

Originally designed as a pilot, the service has now been rolled out to all landlord partners and six members of staff now work on this service. We continue to demonstrate the value this service has to a carefully identified and selected group of residents, who without the additional, specialist support on offer from Thirteen Care and Support would be likely to default on their tenancy which would result in lost income to the group.

## Directors' Report

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### Financial Review

#### Principal Funding Sources

Charitable income is generated by the development of new services and the continuation of our current provision. This is sourced from a diverse range of funding streams which include supporting people income, rent charges, grant funding and commissioned contracts.

#### Results

The fund balances carried forward at 31 March 2016 show a total of £1,402k (2015 restated: £1,589k). Of these funds £21k (2015: £10k) are restricted funds.

An operating deficit of £136k (2015 restated: £64k surplus) is shown on the statement of financial activities, this loss arising from the high level of void properties and pressure on staffing budgets experienced during the year. The company's business plan from April 2016 to 2021 shows the company returning to a surplus position, through focus on the core business model and management and front-line service reviews. A result of £11k (2015: £5k surplus) was reported in relation to restricted funds.

#### Accounting policies

The company's principal accounting policies are set out in note two to the financial statements on pages 19 to 24. Accounting policies have been reviewed and updated for FRS 102 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015). The impact of the adoption of FRS 102 on the reserves of the company is set out in note 22. The policies that are most critical to the understanding of the financial results relate to the accounting treatment of housing properties, other tangible fixed assets, schemes managed on behalf of others and retirement benefits.

#### Significant judgements and estimation uncertainties

Any significant judgements made and estimation uncertainties are included within the accounting policies note.

#### Reserves policy

The company establishes restricted reserves for funds that are subject to external restrictions and must be applied for specific purposes.

Thirteen Care and Support is a registered charity and, as such, holds a minimum reserve level as agreed by the board. Management consider it prudent to hold sufficient funds for six months core running costs because of the number and duration of the projects it currently operates. This level of reserves is judged to be sufficient to cover the costs of fulfilling existing contractual obligations and winding-up costs in the unlikely event that the company ceases trading.

#### Investment policy

Whilst we are working in an increasingly competitive and difficult market, our cash surplus levels are earmarked to allow the company to grow and to enable us to implement our new business plan

## Directors' Report

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as part of the Thirteen. Surplus funds are placed on deposit in line with the group's treasury management policy, with the primary aim of protecting the cash and maintaining liquidity, whilst achieving a competitive rate of return without placing the funds at risk. The investment policy is regularly reviewed by the Thirteen Care and Support board to consider alternative investment strategies as necessary.

### Value for Money (VFM)

Value for money (VFM) is fundamental to Thirteen Care and Support and all partners within Thirteen. The creation of the group epitomised our commitment to achieving VFM, optimising future returns on assets, delivering quality services and having a positive impact on our customers and communities.

The group is committed to ensuring VFM in the delivery and procurement of excellent goods and services, whilst also providing social value to support our customers and neighbourhoods.

In developing the VFM strategic framework, we have reviewed and built on established good practice to achieve increased financial, social and environmental value and achieve organisational objectives and legislative requirements for VFM.

The VFM framework, which is equally applicable to Thirteen Care and Support and all companies within the group, aims to consolidate our approach to VFM, ensuring it is embedded throughout the group and an integral part of all policy development, project initiation and evaluation and recommendations to board.

Thirteen Care and Support plays a significant role in supporting this approach not least due to the implicit nature of its services but also as a result of the means by which it secures its income to support this activity. The majority of Thirteen Care and Support's income is secured via open and competitive tendering which acts as an on-going incentive (if not imperative) to ensuring we are able to demonstrate value for money. This approach requires that we are able to report robustly on the outcomes achieved by our clients and we are committed to ensuring a firm focus on this element of our work.

### Future Priorities

The care and support environment continues to be challenging, not least with the introduction of the 1% rent reduction and the implications of using local housing allowance rates for supported and specialist housing as well as general needs social rent. Whilst these measures have been suspended for supported housing as the government undertakes a review of funding, there is a clear threat to existing and future business and we need to look at how Thirteen can best mitigate this. The Thirteen Care and Support board has had a real focus over the last year in refining its core business model. The third tier managers and front line service review has gone a long way to ensure we manage schemes as effectively and efficiently as possible.

The board has also recognised that the commissioning world has shifted significantly. When retendering, local authorities have a clear drive to ensure cost savings and many contracts are bringing together a number of related services which can mean complicated partnering arrangements that are, not only more complex to manage, but also offer reduced income for the company. The board is proud of its ability to offer high quality services with positive outcomes, but this may not be achievable in the near future, given budgetary pressures.

As a result, Thirteen Care and Support, along with the Thirteen board has agreed to consolidate its operations in the Tees Valley area where we have over 93% of stock and where there is a more obvious case to deliver care and support services as part of the wider group offer. Fundamental to

## Directors' Report

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this, Thirteen has taken a decision to reshape its group structure, consolidating the landlord services and reviewing all other subsidiaries. Whilst this review is in its early days, it seems unlikely that there will be a requirement for a separate care and support company to deliver future support activities as this and future developments can be contained within a new group framework. Thirteen has developed a draft health and housing strategy that sets out the direction of travel for this area across the group.

Clearly this is a fundamental change and the main focus of Thirteen Care and Support over the next year will be to ensure current contracts continue to be successfully delivered whilst arrangements for the future of the business are worked through.

### Independent Auditors

PricewaterhouseCoopers LLP continue their term as independent auditors for following approval by the Thirteen Group Audit and Risk Committee in November 2014.

### Trustees' responsibilities statement

The directors (who are also Trustees of Thirteen Care and Support for the purposes of charity law) are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors 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 comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company

## Directors' Report

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and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In accordance with Section 418, directors' reports shall include a statement, in the case of each director in office at the date the directors' report is approved, that:

(a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and

(b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

The directors report was approved by the board on 7 September 2016 and signed on its behalf by

Heather Ashton  
**Company Secretary**

# Independent Auditors' Report to the Members of Thirteen Care and Support Limited

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## Report on the financial statements

### Our opinion

In our opinion, Thirteen Care and Support Limited's financial statements (the financial statements"):

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2016 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### What we have audited

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the balance sheet as at 31 March 2016;
- the statement of financial activities (including the Income and Expenditure Account) for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the trustees have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

### Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### Other matters on which we are required to report by exception

#### Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

## **Independent Auditors' Report to the Members of Thirteen Care and Support Limited**

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### **Trustees' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Trustees' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

### **Entitlement to exemptions**

Under the Companies Act 2006 we are required to report to you if, in our opinion, the trustees were not entitled to: prepare financial statements in accordance with the small companies' regime; take advantage of the small companies' exemption in preparing the Directors' Report; and take advantage of the small companies exemption from preparing a Strategic Report. We have no exceptions to report arising from this responsibility.

## **Responsibilities for the financial statements and the audit**

### **Our responsibilities and those of the trustees**

As explained more fully in the Trustees' Responsibilities Statement set out on page 11, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the charity's members and trustees as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### **What an audit of financial statements involves**

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the trustees; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the trustees' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

## **Independent Auditors' Report to the Members of Thirteen Care and Support Limited**

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In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Greg Wilson (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Newcastle upon Tyne  
28 September 2016

- (a) The maintenance and integrity of the Thirteen Care and Support Limited website is the responsibility of the trustees; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- (b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## Statement of Financial Activities (including Income and Expenditure Account)

Year ended 31 March 2016

	Not e	Unrestrict ed Funds £'000	Designate d Funds £'000	Restricted Funds £'000	Total £'000
<b>Income and endowments from</b>					
Income from charitable activities:					
Rents		611	-	-	611
Service charges		957	-	-	957
Supporting People		1,413	-	-	1,413
Grants and donations	3	1,820	-	95	1,915
Other income	3	1,441	-	-	1,441
<b>Total income and endowments</b>		6,242	-	95	6,337
Expenditure on charitable activities	4,5	6,367	22	84	6,473
<b>Total expenditure</b>		6,367	22	84	6,473
<b>Net income / (expenditure)</b>		(125)	(22)	11	(136)
Remeasurement loss in respect of pension scheme	14	(51)	-	-	(51)
<b>Net movement in funds</b>		(176)	(22)	11	(187)
<b>Reconciliation of funds</b>					
Fund balances brought forward at 1 April 2015		609	970	10	1,589
<b>Fund balances carried forward at 31 March 2016</b>		433	948	21	1,402

The statement of financial activities includes gains and losses recognised in the year.

All incoming resources and resources expended derive from continuing activities.

In the current and prior year, there is no material difference between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents.

## Statement of Financial Activities (including Income and Expenditure Account)

Year ended 31 March 2015

	Not e	Unrestrict ed Funds £'000	Designate d Funds £'000	Restricted Funds £'000	Total £'000
<b>Income and endowments from</b>					
Income from charitable activities:					
Rents		647	-	-	647
Service charges		1,064	-	-	1,064
Supporting People		2,264	-	-	2,264
Grants and donations	3	1,368	-	44	1,412
Other income	3	924	-	-	924
<b>Total income and endowments</b>		6,267	-	44	6,311
Expenditure on charitable activities	4,5	6,186	22	39	6,247
<b>Total expenditure</b>		6,186	22	39	6,247
<b>Net income / (expenditure)</b>		81	(22)	5	64
Actuarial gains / (losses) on defined benefit pension schemes	14	(4)	-	-	(4)
<b>Net movement in funds</b>		77	(22)	5	60
<b>Reconciliation of funds</b>					
Fund balances brought forward at 1 April 2014		532	992	5	1,529
<b>Fund balances carried forward at 31 March 2015</b>		609	970	10	1,589

## Balance Sheet

Year ended 31 March 2016

	Note	2016 £'000	2015 £'000
<b>Fixed assets</b>			
Tangible assets	9	<u>1,025</u>	<u>1,052</u>
<b>Current assets</b>			
Debtors	10	1,035	1,076
Cash at bank and in hand		<u>583</u>	<u>571</u>
<b>Total current assets</b>		1,618	1,647
<b>Creditors: amounts falling due within one year</b>	12	<u>(1,082)</u>	<u>(992)</u>
<b>Net current assets</b>		536	655
<b>Total assets less current liabilities</b>		1,561	1,707
<b>Creditors: amounts falling due after more than one year</b>	13	(15)	(15)
<b>Provisions</b>	14	(144)	(103)
<b>Net assets</b>		<u><u>1,402</u></u>	<u><u>1,589</u></u>
<b>The funds of the charity</b>			
Unrestricted income funds:			
General funds	15	433	609
Designated funds	15	<u>948</u>	<u>970</u>
		1,381	1,579
<b>Restricted income funds</b>	16	21	10
<b>Total charity funds</b>		<u><u>1,402</u></u>	<u><u>1,589</u></u>

The financial statements have been prepared in accordance with the provisions of the Companies Act 2006 applicable to companies subject to the small companies' regime (effective April 2008).

The financial statements were approved by the board on 7 September 2016 and signed on its behalf by:

Gill Rollings  
Chair  
Thirteen Care and Support Limited  
Company number 1810498

## Notes to the Financial Statements

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### 1. Statement of compliance

Thirteen Care and Support Limited is a company limited by guarantee incorporated in England under the Companies Act 2006 and is a registered charity.

The financial statements of the company have been prepared in accordance with FRS 102 as it applies to the financial statements of the company for the year ended 31 March 2015.

The company transitioned from previously extant UK GAAP to FRS 102 on 1 April 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial results is given in note 22.

### 2. Accounting policies

#### Basis of accounting

The financial statements of the 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), Companies Act 2006, Charities Act 2011 and the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015). 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 company has opted to apply the exemption available under Paragraph 1.11 of FRS 102 to not prepare an individual statement of cash flows. A consolidated statement of cash flows is included in the consolidated financial statements of the parent undertaking, Thirteen Housing Group Limited.

#### Incoming resources

Turnover comprises income from lettings, grants and contract income and income from the supply of other goods and services.

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

Income from the supply of other goods and services is recognised at the invoiced amount, net of VAT, in the period that the goods or services were supplied.

Grants relating to revenue expenditure are credited to the income and expenditure account in the same period as the expenditure to which they relate.

Supporting People and other contract income is recognised when it is entitled to be received under the terms of the contract.

## Notes to the Financial Statements

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### 2. Accounting policies

#### Bad debts

For rent ledger debtors, 100% of former tenant arrears are provided. For current tenant arrears risk factors are identified which impact on the likelihood of the debt being collected. Where a significant risk factor exists provision of 100% of arrears is made.

The provision also takes into account a reduction in the value of any debt that is being collected under payment arrangements that fall outside of normal business terms.

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

For sundry (sales ledger) debtors, the provision is based on the customer type, the age of the debt and the likelihood of it being collected and takes into account a reduction in the value of any debt that is being collected under payment arrangements that fall outside of normal business terms. Where it is assessed that there is a likelihood of non-collection, 100% provision is made. Where the customer is a former tenant, 100% of the debt is provided.

Bad debts are written off against the provision once all avenues for collection have been exhausted.

#### Resources expended

Resources expended are included on the statement of financial activities on an accruals basis, inclusive of any VAT which cannot be recovered.

Certain expenditure is directly attributable to specific activities and has been included in those cost categories. Certain other costs, which are attributable to more than one activity, are apportioned across the cost categories on the basis of an estimate of the proportion of time spent by staff on those activities.

#### Interest receivable and payable

Other interest payable and interest receivable is charged or credited to the income and expenditure account in the financial year in which it accrues.

#### Taxation

Thirteen Care and Support is a registered charity and is potentially exempt from tax on those categories of income covered by Section 505 Income and Corporation Taxes Act 1988, to the extent that this income is applied for charitable purposes.

#### Housing properties

Housing properties are principally properties available for rent.

Completed housing properties and housing properties under construction are measured at historic cost. Costs include the direct costs of acquisition including fees. Properties are depreciated at rates calculated to write off the cost less estimated residual value over a life of 50 years. This is a departure from the depreciation policy of the rest of Thirteen but does not result in a material difference in charges.

## Notes to the Financial Statements

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### 2. Accounting policies

#### Other tangible 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. Other fixed assets are depreciated over their useful economic lives on a straight line basis to their residual value as follows:

Freehold property	-	over fifty years
Long leasehold property	-	over the lease term
Short leasehold property	-	over the lease term
Computer equipment	-	over three years
Furniture, fixtures and fittings	-	over three years
Motor vehicles	-	over three years

#### Impairment

Fixed assets are reviewed for impairment if there is an indication that impairment may have taken place.

Where there is evidence of impairment, fixed assets are written down to their recoverable amount, being the higher of the net realisable value and the value-in-use. Any such write down is charged to the operating surplus,

#### Reserves

The company establishes restricted reserves for funds that are subject to external restrictions and must be applied for specific purposes.

Thirteen Care and Support is a registered charity and, as such, holds a minimum reserve level as agreed by the board. Management consider it prudent to hold sufficient funds for six months core running costs because of the number and duration of the projects it currently operates. This level of reserves is judged to be sufficient to cover the costs of fulfilling existing contractual obligations and winding-up costs in the unlikely event that the company ceases trading.

#### Leases

Rental charges on operating leases are charged to the statement of financial activities on a straight line basis over the life of the lease.

#### Retirement benefits

The company participates in two funded multi-employer defined benefit schemes, the Social Housing Pension Scheme (SHPS) and the Pensions Trust Growth Plan. Employees also have access to a defined contributions scheme through Aegon.

For SHPS and the Pensions Trust Growth Plan, it is not possible to identify the company's share of the underlying assets and liabilities on a consistent and reasonable basis. Therefore the contributions to these schemes are treated as defined contributions. Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement, the company

## Notes to the Financial Statements

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### 2. Accounting policies

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.

#### Interests in joint ventures

The company has contractual agreements with other participants to engage in joint activities that do not create an entity carrying on trade or business of its own. The company accounts for its own share of assets, liabilities and cash flows in such joint arrangements, measured in accordance with the terms of the arrangement.

#### Schemes managed on behalf of others

The treatment of income and expenditure in respect of schemes managed on behalf of others depends on the nature of the management arrangement and whether the company carries the financial risk.

Where the company has the financial risk, all of the scheme's income and expenditure is included in the company's statement of financial activities.

Where the landlord carries the financial risk, the statement of financial activities includes only that income and expenditure that relates solely to the company.

#### Financial instruments

The group and company have assessed the financial instruments held as basic in accordance with FRS 102, and as such are accounted for under the amortised historic cost model.

##### *Cash and cash equivalents*

Cash and cash equivalents comprise cash at banks and in hand and short term deposits with an original maturity date of three months or less. For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

##### *Debtors and other receivables*

Short term debtors are measured at transaction price, less any impairment. Loans receivable are initially measured at transaction price (including transaction costs) and subsequently measured at amortised costs using the effective interest rate method. Current carrying value is considered to equate to the amortised cost.

##### *Creditors and loans payable*

Short term creditors are measured at transaction price, less any impairment. Loans payable are initially measured at transaction price (including transaction costs) and subsequently measured at amortised costs using the effective interest rate method. Current carrying value is considered to equate to the amortised cost.

##### *Extended repayment terms*

Current and former arrears for rental debtors may subject to extended repayment terms. Where required, a bad debt provision is held against these balances. The net position is considered to represent the fair value of the debtor balance.

## Notes to the Financial Statements

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### 2. Accounting policies

#### Significant judgements

The following are the significant management judgements that have been made when applying the accounting policies of the company.

#### *Property classifications*

The fixed assets within the company have been assessed to determine whether they are investment properties or property, plant and equipment. Management have considered the purpose to which the assets are held, and concluded that property fixed assets are held primarily for their social benefit and as such have been classified as property, plant and equipment. Relevant factors that have been considered as part of this assessment include whether they are:

- Operated at below market rent
- Held for the provision of a service
- Part of regeneration or community investment
- Supported by government grant

#### *Impairment assessment*

At the year end, indicators of impairment are considered. Where an indicator exists, an impairment assessment is performed.

For each cash generating unit identified, an assessment of its recoverable amount compared to its carrying amount is performed. The recoverable amount is the higher of the value in use or the fair value less costs to sell. Management have applied the judgement that they hold their properties for their social benefits and therefore a valuation based purely on cash flows does not reflect their service potential. Management have applied the principles of the SORP and utilised a depreciated replacement cost measurement as an estimate of the value in use, service potential, for social housing properties that are not voids.

In determining these estimates, a cash generating unit is utilised which are properties:

- of a similar size
- of a similar tenure
- within a geographical area that has similar market characteristics

#### *Financial instrument classifications*

The financial instruments held by the group have been assessed to determine whether they meet the basic or non-basic criteria set by FRS 102. All financial instruments have been concluded as basic as part of this assessment and are therefore held using the historic cost convention.

## Notes to the Financial Statements

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### 2. Accounting policies

#### Estimation uncertainty

##### ***Property components and lives***

Management review the assigned lives of assets and individual components. A detailed review was carried out in 2014/15 to harmonise policies across the group which included decisions on the appropriate lives. Due to the nature of the properties, and the characteristics of the clientele that occupy them, management consider a life of 50 years to be appropriate. Components are not capitalised due to their estimated short life. This is a departure from the depreciation policy of the rest of Thirteen but does not result in a material difference in charges.

##### ***Recoverable amount of rental and other debtors***

Rental and other debtors are categorised into debt types with similar characteristics. Each category is reviewed and assigned a risk factor based upon management's knowledge of the specific debts in that category. This risk factor is used to determine the expected recoverability and therefore value of rental and other debtors to recognise in the financial statements. The values recognised are disclosed in note 10.

##### ***Defined benefit obligations***

The pension liability recognised within the financial statements is based on a number of underlying assumptions. These include: inflation, mortality rates, salary changes, interest and investment rates and discount factors. Changes within any of these assumptions will affect the pension liability and associated costs recognised. Management utilise pension actuary experts to help determine the appropriate assumptions and calculations to apply. The key assumptions and resulting obligations are detailed in note 14 of these financial statements.

##### ***Asset recoverable values for impairment assessments***

Management consider depreciated replacement cost to be a suitable measure for estimating a property's recoverable amount. Depreciated replacement cost is based on the current construction costs for a similar property.

##### ***Holiday pay accrual***

An accrual is made for outstanding holiday pay at the year end. The initial accrual was calculated by taking a 5% sample of holiday cards at 1 December 2015 to ascertain the number of days outstanding. As there are no seasonal factors affecting the business this position is not thought to have changed significantly at 31 March 2016. The average number of days outstanding is then applied to the aggregate pay costs to arrive at the amount to be accrued.



## Notes to the Financial Statements

### 4. Charitable activities

	Unrestricted Funds £'000	Designated Funds £'000	Restricted Funds £'000	2016 Total £'000	2015 Total £'000
Staff costs	4,224	-	66	4,290	3,820
Support costs	442	-	-	442	354
Property costs	317	22	-	339	575
Housing management	949	-	-	949	1,093
Housing services	289	-	-	289	147
Communal facilities	30	-	-	30	123
Personal services	108	-	-	108	129
Personal support services	6	-	18	24	3
Other interest expense	2	-	-	2	3
	<u>6,367</u>	<u>22</u>	<u>84</u>	<u>6,473</u>	<u>6,247</u>

	Unrestricted Funds £'000	Designated Funds £'000	Restricted Funds £'000	2016 Total £'000	2015 Total £'000
<b>Support Costs</b>					
Board member costs	11	-	-	11	-
Inter-company recharge	431	-	-	431	348
Governance costs	-	-	-	-	6
	<u>442</u>	<u>-</u>	<u>-</u>	<u>442</u>	<u>354</u>

### 5. Total resources expended

	Staff Costs £'000	Depreciation of housing properties £'000	Other Costs £'000	2016 Total £'000	2015 Total £'000
Charitable activities	4,734	22	1,717	6,473	6,247
	<u>4,734</u>	<u>22</u>	<u>1,717</u>	<u>6,473</u>	<u>6,247</u>

## Notes to the Financial Statements

### 6. Employees

<b>Average monthly number of employees:</b>	<b>2016</b>	<b>2015</b>
	<b>Number</b>	<b>Number</b>
Charitable activities	141	139
Management and administration of the charity	10	10
	<u>151</u>	<u>149</u>
	<u><u>151</u></u>	<u><u>149</u></u>
<b>Expressed as full time equivalents:</b>	<b>2016</b>	<b>2015</b>
	<b>Number</b>	<b>Number</b>
Charitable activities	118	119
Management and administration of the charity	10	10
	<u>128</u>	<u>129</u>
	<u><u>128</u></u>	<u><u>129</u></u>
<b>Employee costs:</b>	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Wages and Salaries	3,054	3,017
Social security costs	267	252
Other pension costs	165	174
Agency staff	343	34
Other staff costs	72	48
Travel	259	202
Training and staff welfare	51	46
Employers Liability Insurance	38	38
	<u>4,249</u>	<u>3,811</u>
Redundancy	<u>52</u>	<u>8</u>
	<u><u>4,301</u></u>	<u><u>3,819</u></u>

No employees earned above £60k during the period (2015 : none).

Employee costs are included within direct charitable expenditure under the headings of staff costs and support costs.

Other pension costs include payments to the Pensions Trust to fund past deficits of the Growth Plan. These payments amount to £12k for the financial year (2015: £12k).

## Notes to the Financial Statements

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### 7. Key Management Personnel

Christine Smith, the Group Director of Business Development for Thirteen, is the lead executive director for Thirteen Care & Support.

The Chief Executive and other executive directors were employed by Thirteen. A charge for their costs has been included within the management charge for the financial year.

No emoluments were paid directly by Thirteen Care & Support to executive directors (2015: £nil). Details of emoluments paid to executive directors are detailed in the Annual Report and Financial Statements of Thirteen Housing Group.

Non-executive directors are set out on page two. Emoluments paid to non-executive directors amounted to £8,000 (2015: £4,600) and reimbursement for expenses £2,464 (2015: £337).

### 8. Net movement in funds

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
This is stated after charging:		
Depreciation of housing properties	22	22
Depreciation of other fixed assets	39	48
Auditors' remuneration		
- for audit services	-	6
- for non-audit services	-	-
	<u>          </u>	<u>          </u>

Audit fees of £105,950 (2015 restated: £74,950) for the entire Thirteen group are recognised in the ultimate parent undertaking. Of these fees, £35,000 relates to the completion of the audit of the financial statements for the year ended 31 March 2015.

## Notes to the Financial Statements

### 9. Tangible fixed assets

	Freehold property £'000	Long leasehold property £'000	Furniture fixtures & fittings £'000	Computer equipment £'000	Motor vehicles £'000	Total £'000
<b>Cost</b>						
At 1 April 2015	909	283	31	180	21	1,424
Additions	-	-	30	4	-	34
Disposals	(77)	-	-	-	-	(77)
At 31 March 2016	<u>832</u>	<u>283</u>	<u>61</u>	<u>184</u>	<u>21</u>	<u>1,381</u>
<b>Accumulated Depreciation</b>						
At 1 April 2015	173	50	25	108	16	372
Provided in year	16	6	6	30	3	61
On disposal	(77)	-	-	-	-	(77)
At 31 March 2016	<u>112</u>	<u>56</u>	<u>31</u>	<u>138</u>	<u>19</u>	<u>356</u>
<b>Net book value</b>						
At 31 March 2016	<u>720</u>	<u>227</u>	<u>30</u>	<u>46</u>	<u>2</u>	<u>1,025</u>
At 31 March 2015	<u>736</u>	<u>233</u>	<u>6</u>	<u>72</u>	<u>5</u>	<u>1,052</u>

### 10. Debtors

	2016 £'000	2015 £'000
<b>Due within one year</b>		
Amounts owed by group undertakings	289	235
Rent and service charges receivable	51	59
Other debtors	288	23
VAT recoverable	-	1
Prepayments and accrued income	407	758
	<u>1,035</u>	<u>1,076</u>

## Notes to the Financial Statements

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### 11. Cash and cash equivalents

	2016	2015
	£'000	£'000
Current accounts	583	571
<b>Total cash and cash equivalents</b>	<u>583</u>	<u>571</u>

### 12. Creditors: amounts falling due within one year

	2016	2015
	£'000	£'000
Trade creditors	1	1
Amounts owed to group undertakings	432	388
Taxation and social security	71	58
Other creditors and accruals	354	340
Deferred income	224	205
	<u>1,082</u>	<u>992</u>

#### Deferred Income

Brought forward	205	69
Released	(201)	(69)
Deferred income from new sources	220	205
Carried forward	<u>224</u>	<u>205</u>

### 13. Creditors: amounts falling due after more than one year

	£'000	£'000
Other creditors	<u>15</u>	<u>15</u>

## Notes to the Financial Statements

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### 14. Pension Provisions

The company participates in three pension schemes: a defined contribution scheme through Aegon, the Pensions Trust Growth Plan and the Social Housing Pension Scheme.

#### Defined contribution scheme

The Aegon pension scheme is a defined contribution scheme available to employees of Thirteen Care and Support. The cost of the scheme is equal to the employer contributions payable in the year. During the year Thirteen Care and Support contributed £86k (2015: £69k) to the scheme.

#### The Social Housing Pension Scheme

The company participates in the scheme, a multi-employer scheme which provides benefits to some 500 non-associated 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 with an effective date of 30 September 2014. This actuarial valuation was certified on 23 November 2015 and showed assets of £3,123million, liabilities of £4,446million and a deficit of £1,323million. The company participates in the Social Housing Pension Scheme (the Scheme). The Scheme is funded and is contracted-out of the State Pension scheme. Thirteen Care and Support is not currently obligated to contribute to the funding of past deficits.

#### The Pensions Trust - The Growth Plan

The company participates in the scheme, a multi-employer scheme which provides benefits to some 1,300 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 2011. This actuarial valuation showed assets of £780million, liabilities of £928million and a deficit of £148million. To eliminate this funding shortfall, the trustees and the participating employers have agreed that additional contributions will be paid to the scheme as follows:

## Notes to the Financial Statements

### 14. Pension Provisions

#### The Growth Plan (continued)

##### Deficit contributions

From 1 April 2013 to 31 March 2023:	£13.9million per annum (payable monthly and increasing by 3% each on 1st April)
From 1 April 2016 to 30 September 2025	£12.9million per annum (payable monthly and increasing by 3% each on 1st April)
From 1 April 2016 to 30 September 2028	£54.6k per annum (payable monthly and increasing by 3% each on 1st April)

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities.

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.

##### Present values of provision

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Present value of provision at 31 March 2016	144	103

##### Reconciliation of opening and closing provisions

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Provision at 1 April 2015	103	108
Unwinding of the discount factor (interest expense)	2	3
Deficit contribution paid	(12)	(12)
Remeasurements - impact of any change in assumptions	(2)	4
Remeasurements - amendments to the contribution schedule	53	-
Provision at 31 March 2016	144	103

## Notes to the Financial Statements

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### 14. Pensions

#### The Growth Plan (continued)

##### Income and expenditure impact

	2016 £'000	2015 £'000
Interest expense	2	3
Remeasurements - impact of any change in assumptions	(2)	4
Remeasurements - amendments to the contribution schedule	53	-
Contributions paid in respect of future service	2	2
Costs recognised in income and expenditure account	<u>55</u>	<u>9</u>

##### Assumptions

	2016 % per annum	2015 % per annum
Rate of discount	<u>2.07</u>	<u>1.74</u>

## Notes to the Financial Statements

### 15. Unrestricted income funds

	Balance at 1 April 2015 £'000	Net movement in funds £'000	Balance at 31 March 2016 £'000
General fund	609	(176)	433
Designated funds			
- Property fund - purchased	970	(22)	948
	970	(22)	948
Total unrestricted funds	1,579	(198)	1,381

The property fund - purchased of £948k (2015: £970k) relates to properties previously purchased, capitalised and shown in note 9 to these financial statements.

### 16. Restricted income funds

The income funds of the charity include for restricted funds comprising of the following unexpended balances of grants and donations to be applied for special purposes.

	Balance at 1 April 2015 £'000	Amounts received in year £'000	Amounts expended in year £'000	Balance at 31 March 2016 £'000
Veterans centre	3	66	(66)	3
Other small grants	7	54	(43)	18
	10	120	(109)	21

Amounts expended in the year are in line with the objectives of the charity.

#### Veterans Centre

Veterans Centre is made up of Brims House and Bibby House which was set up to support ex-service personnel.

## Notes to the Financial Statements

### 17. Analysis of net assets between funds

<b>At 31 March 2016</b>	<b>Unrestricted Funds £'000</b>	<b>Designated Funds £'000</b>	<b>Restricted Funds £'000</b>	<b>Total 2016 £'000</b>
Tangible fixed assets	77	948	-	1,025
Current assets	1,495	-	21	1,516
Creditors: due within one year	(980)	-	-	(980)
Creditors: due after more than one year	(15)	-	-	(15)
Provisions	(144)	-	-	(144)
	433	948	21	1,402
	433	948	21	1,402
<b>At 31 March 2015</b>	<b>Unrestricted Funds £'000</b>	<b>Designated Funds £'000</b>	<b>Restricted Funds £'000</b>	<b>Total 2015 £'000</b>
Tangible fixed assets	82	970	-	1,052
Current assets	1,637	-	10	1,647
Creditors: due within one year	(992)	-	-	(992)
Creditors: due after more than one year	(15)	-	-	(15)
Provisions	(103)	-	-	(103)
	609	970	10	1,589
	609	970	10	1,589

## Notes to the Financial Statements

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### 18. Operating leases

*Operating lease agreements where the company is the lessee*

The future minimum lease payments which the company is committed to make under non-cancellable operating leases are as follows:

	2016 £'000	2015 £'000
<b>Land and buildings</b>		
Payments due:		
Not later than one year	62	71
Later than one year and not later than five years	-	323
Later than five years	-	265
	<u>62</u>	<u>659</u>

Land and buildings leases relate to office buildings. There are no purchase options. The final lease expires in December 2016.

The company has a number of management agreements in place with local Private Registered Providers of social housing that include the right to occupy specific properties. These arrangements are not for a fixed period and are cancellable by either party.

The company also manages supported housing units on behalf of other group companies. These arrangements are informal and cancellable by either party.

*Operating lease agreements where the company is the lessor*

#### Supported housing

The company acts as lessor for operating leases for its supported housing properties. The lease arrangements for these types of property are cancellable by the lessee.

Payments under these operating leases include both lease rental payments and service charges. Rents are set in accordance with the level of support required and with the agreement of local housing benefit departments. For properties managed on behalf of others, rents are set in conjunction with the landlord and take into account restrictions on rents imposed by the Homes and Communities Agency (HCA).

Service charges may be fixed or variable. Fixed charges are set at 1 April and are not adjusted to recover under or over payments from previous years. Variable charges are adjusted annually to recover the amount expended on delivering the services.

## Notes to the Financial Statements

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### 18. Operating leases

The significant leasing arrangements in place are:

#### *Assured shorthold tenancies*

Assured shorthold tenancies are for a fixed duration of a minimum of six months and not more than two years. Unless there is a breach of tenancy by the lessee which results in enforcement action, the tenancy cannot be ended by the lessor within the first six months but can then be ended with two months' notice. The tenancy can be ended by the lessee with 28 days' notice. RTB or RTA does not apply. Assured shorthold tenancies are normally used for supported or specialist housing and the rent is set in accordance with the HCA rent standard and takes into account the level of services received in agreement with the local housing benefit department. The lessor must give one month's notice of intention to change the rent.

#### *License*

Licenses are used for shared tenancies where the licensee does not have exclusive occupation rights or security of tenure. The licensee can end the agreement without giving notice and the landlord can end the agreement giving "reasonable notice", usually 28 days.

#### *Starter tenancy*

Starter tenancies are issued initially for 12 months and may be extended to 18 months. The lessor may cancel by giving two months' notice and the lessee may cancel by giving 28 days' notice. RTB and RTA do not apply. Rent is set at the commencement of the tenancy and is normally reviewed on 1 April. The lessor must give one month's notice of intention to change the rent. Changes in rent are made in line with rent guidance from the HCA.

#### *Equitable tenancy*

Equitable tenancies are used for under 18s and are not tenancies legally, but are equitable agreements to hold a tenancy in trust until the person reaches 18. The tenancy can be ended by the lessor with two months' notice and by the lessee with 28 days' notice. The rent is set at the commencement of the tenancy and is normally reviewed on 1 April. The lessor must give one month's notice of intention to change the rent. Changes in rent are made in line with rent guidance from the HCA.

As at 31 March 2016 there were 196 2015: 191) housing properties in management under one of the arrangements above.

## Notes to the Financial Statements

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### 19. Related party transactions

The company has taken advantage of the exemptions under paragraph 33.1A of FRS 102 not to disclose transactions with other group companies.

The company participates in three pension schemes: a defined contribution scheme through Aegon, the Pensions Trust Growth Plan and the Social Housing Pension Scheme. Transactions between the company and the pension schemes are detailed in Note 14.

The balance included in creditors for the Social Housing Pension Scheme is £9,104 (2015: £9,997) and for the Aegon scheme is £14,343 (2015: £9,661).

### 20. Contingent Liabilities

The company has been notified by the Pensions Trust of the estimated employer debt on withdrawal from the Pensions Trust Growth Plan based on the financial position of the Scheme as at 30 September 2015. As of this date the estimated employer debt for the company was £200k.

No provision is made in the financial statements for this amount as the possibility of the liability arising is considered to be remote.

### 21. Financial assets and liabilities

	2016 £'000	2015 £'000
<b>Categories of financial assets and liabilities</b>		
Financial assets that are debt instruments measured at amortised cost	1,618	1,647
Financial liabilities measured at amortised cost	<u>(1,097)</u>	<u>(1,007)</u>
	<u>521</u>	<u>640</u>

The company's policy on financial instruments and managing financial risk are explained in the Directors' Report.

Cash, loans receivable and debtors are categorised as financial assets measured at amortised cost. Details of these balances can be found in notes 10 and 11.

Financial liabilities held at amortised cost are the company's creditors. Details can be found in notes 12 and 13.

## Notes to the Financial Statements

### 22. Transition entries

The company has adopted FRS 102 for the year end 31 March 2016 and has restated the comparative prior year amounts.

#### Explanations of changes for FRS 102 adoption

##### i. Pensions Trust Growth Plan

Under section 28 the company is now required to recognise the net present value of any contractual agreements to make additional payments for a past deficit. This has been recognised under provisions.

##### ii. Holiday pay accrual

An accrual is now made for entitlement to holiday which has not been taken at the year-end. This has been calculated based on a sample of employees' holiday cards using average pay costs.

#### Restated Balance Sheet

	General funds		Designated funds		Restricted funds	
	31 March 2015	1 April 2014	31 March 2015	1 April 2014	31 March 2015	1 April 2014
	£'000	£'000	£'000	£'000	£'000	£'000
Original reserves	741	650	970	992	10	5
i GP past deficit obligation	(103)	(108)	-	-	-	-
ii Holiday pay provision	(25)	(10)	-	-	-	-
iii Additional parent recharges	(4)	-	-	-	-	-
Restated reserves	<u>609</u>	<u>532</u>	<u>970</u>	<u>992</u>	<u>10</u>	<u>5</u>

#### Restated net resources

	2015 £'000	Recognised in:
Original total net resources	74	
i Growth Plan deficit - interest expense	(3)	Charitable expenditure
i Growth Plan deficit - remeasurements - impact of any change in assumptions	(4)	Net movement in funds
i Growth Plan deficit contributions - charged against provision	12	Charitable expenditure
ii Holiday pay accrual	(15)	Charitable expenditure
iii Additional parent recharges	(4)	
	<u>(14)</u>	
Restated net resources	<u>60</u>	

## Notes to the Financial Statements

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### 23. Post balance sheet event

Since the balance sheet date Thirteen has commenced a review of the group's governance structure to ensure it is structured and resourced as efficiently as possible. Having five separate landlord companies within the group increases bureaucracy and duplication and is not considered an effective use of money and resources. The HCA is increasingly keen to see that groups offer streamlined, less complicated and less risky structures to drive efficiencies and value for money and enable more effective risk management.

There are a number of benefits associated with implementing a revised group structure. These include the ability to release and make best use of funding capacity, maximising resources and services across the group, limiting the need for recharges between companies and ensuring we are ready to collaborate on future opportunities in the area.

Savings can be realised by reducing the number of boards and board directors across the group. However, the greatest benefit of revising the structure will be the ability to release borrowing capacity across the group. Thirteen currently has four registered providers which means four sets of assets and four sets of loan covenants, each with a different capacity for borrowing.

Thirteen is therefore proposing to deliver social housing lettings and associated activities through one landlord in future. The impact of the revised group structure on Thirteen Care and Support is not yet fully understood, but it is possible that the company will no longer be the group's main provider of housing care and support services.

The restructure will require the approval of stakeholders including lenders and local authorities and consultation with tenants and other parties. Together with the legal process, Thirteen anticipates this will take a number of months to complete and the current expectation is that the new structure will be in place by 1 April 2017.

### 24. Ultimate parent undertakings and controlling party

The ultimate parent undertaking and controlling party is Thirteen Housing Group Limited, a company limited by guarantee and a Registered Provider incorporated in the UK.

Thirteen Housing Group Limited is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 March 2016. The consolidated financial statements of Thirteen Housing Group Limited are available from the group's registered office at Northshore, North Shore Road, Stockton-on-Tees, TS18 2NB.