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Financial Statements Strata Housing Services Limited

For the year ended 31 March 2017

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Company No. 08730321

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Company information

Company registration number :	08730321
Registered office :	Colliers Way Old Park Telford Shropshire TF3 4AW
Directors :	Francis Best Wayne Gethings Jacqueline Esimaje Heath
Secretary :	Chris Horton (resigned 31 March 2017) Catherine Rogerson (appointed 1 April 2017)
Bankers :	Barclays Bank Plc 15 Colmore Row Birmingham B3 2EP
Auditors :	Grant Thornton UK LLP Chartered Accountants, Registered Auditors 4 Hardman Square Spinningfields Manchester M3 3EB

Report of the Board

The Board of Strata Housing Services Limited (the 'Company') is pleased to present its report together with the audited financial statements of the Company for the year ended 31 March 2017. The Company is a company limited by shares. The Company is a subsidiary of The Wrekin Housing Trust Limited (the 'Parent').

Principal activities

The principal activity of the Company is the provision of development services to its parent company The Wrekin Housing Trust Ltd.

Future developments

The company will continue to provide development services to The Wrekin Housing Trust Limited under the terms of a service agreement.

Donations

During the year a gift aid donation of £1.446m (2016: £1.156m) was made to The Wrekin Housing Trust Limited.

Directors

The directors of the company are set out on page 1. All directors served throughout the year and up to the date of this report except where otherwise stated.

The directors hold no interest in the Company's shares and have no direct interest in contracts awarded by the Company.

Statement of the responsibilities of the Board for the report and financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws), including Financial Reporting Standard 102, the financial reporting standard applicable in the UK and Republic of Ireland. 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 and 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed in the 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 and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Report of the Board

Employees
The Company does not have any employees. The Wrekin Housing Trust recharges staff costs to the Company.

Financial Instruments
The company does not have any abnormal exposure to price, credit, liquidity and cash flow risks arising from trading or investment activities.

Disclosure of information to auditor
Each of the persons who are directors at the time when this report of the Board is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

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

Going concern
After reviewing the company's forecasts and projections the Board has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, being a period of at least 12 months after the date on which this report and the financial statements are signed. For this reason, they continue to adopt the going concern basis in the financial statements.

Auditors
In accordance with section 489 of the Companies Act 2006, a resolution to reappoint Grant Thornton UK LLP as auditors will be proposed at the forthcoming Annual General Meeting.

Approval
The Board report was approved by the Board on 27 July 2017 and signed on its behalf by:



Catherine Rogerson
Company Secretary

Strategic Report

Business Review

The Board is of the opinion that the state of the Company's affairs and the results of its trading are satisfactory. The surplus for the financial year, before the payment of gift aid to its charitable parent company, The Wrekin Housing Trust Limited, amounted to £1.236m (2016: £1.399m).

The Company performed in accordance with the expectations of the Board and there is no reason to believe that this will not continue in the future.

During the year the Company provided development services to The Wrekin Housing Trust Limited under the terms of a service agreement.

The Company delivered £47.54m (2016: £59.98m) of residential housing developments across the Telford & Wrekin, Shropshire and Staffordshire areas.

The Board is of the opinion that the Company remains well placed to meet the challenges ahead.

Objectives and strategy

The objectives of the Company are to complete the development of good quality affordable housing within budget and to an agreed timetable, supporting the objectives of its client and charitable parent company, The Wrekin Housing Trust Limited.

The Company liaises with all interested parties to ensure that development work is progressed in an efficient and effective manner. The Company takes account of the impact of its actions on the reputation of its principal client in its dealings with stakeholders and is guided by the principles established for the operation of that principal client.

In all cases, development schemes are appraised on a stand-alone basis, working within parameters agreed with the client.

Internal controls assurance

The Board has overall responsibility for establishing and maintaining the whole system of internal control and for reviewing its effectiveness. The system of internal control is designed to manage, rather than eliminate the risk of failure to achieve business objectives, and to provide reasonable, but not absolute, assurance against material misstatement or loss. The process for identifying, evaluating and managing the significant risks faced by the Company is ongoing and has been in place throughout the period commencing 1 April 2016 up to the date of approval of the annual report and financial statements. The Board receives and considers reports from management on these risk management and control arrangements as necessary during the year, and the Group Audit and Risk Management Committee has oversight of risk management processes and procedures.

The arrangements adopted by the Board in reviewing the effectiveness of the system of internal control, together with some of the key elements of the control framework include:

Strategic Report (continued)

Risks and uncertainties

The company has very limited exposure to price, credit, liquidity or cash flow risks as its sole function is to provide development services to its parent company, The Wrekin Housing Trust Limited. The company's programme of work and its pricing are determined by the parent company, and the trading processes between the company and its parent ensure that the company has sufficient cash flow to discharge its external liabilities as they fall due.

Identifying and evaluating key risks

The Board has established a risk management strategy, setting out its attitude to risk in the achievement of its objectives, which underpins the risk management, business planning and control arrangements. These arrangements clearly define management responsibility for the identification, evaluation and control of significant risks. The executive management group regularly considers reports on these risks and is responsible for reporting to the Board any significant changes affecting key risks. More detailed risk assessments are carried out by managers at all levels using risk management software. All matters brought to the executive management group or Board for decision are supported by such risk assessments.

Control environment and internal controls

The processes to identify the key risks to which the Company is exposed are an integral part of the internal control environment. These processes, which are reviewed annually and revised where necessary, include strategic planning, regular performance monitoring, control over developments and the setting of standards and targets for health and safety, data protection, fraud prevention and detection and environmental performance.

Information and reporting systems

Financial reporting procedures include strategic financial plans, underpinned by detailed annual budgets and forecasts for subsequent years. These are reviewed and approved by the Board and monitored throughout the year. The Board regularly receive reports to enable them to assess progress towards the achievement of key business objectives, targets and outcomes.

Key performance indicators

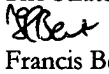
As the company's sole function is the provision of development services to its parent company, its only significant key performance indicator is whether or not the development programme is delivered successfully in a given year. The programme for 2016/17 was successfully completed.

Monitoring arrangements

Regular management reporting on control issues provides assurance to successive levels of management and to the Board. It is supplemented by regular reviews by internal audit which provide independent assurance to the Board through the Group Audit and Risk Management Committee. The arrangements include a rigorous procedure to ensure that recommendations are carefully considered and implemented or, occasionally, varied with the agreement of the Group Audit and Risk Management Committee.

Approval

The Strategic Report was approved by the Board on 27 July 2017 and signed on its behalf by



Francis Best
Director

Report of the independent auditor to the members of Strata Housing Services Limited

We have audited the financial statements of Strata Housing Services Limited for the year ended 31 March 2017, which comprise the statement of comprehensive income, the statement of changes in reserves, the statement of financial position and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102, The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors
As explained more fully in the Statement of Board's responsibilities set out on page 2, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements
A description of the scope of an audit of financial statements is provided on the Financial reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements
In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its result having taken into account the gift aid adjustment, 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.

Opinion on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

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

Report of the independent auditor to the members of Strata Housing Services Limited

Matters on which we are required to report under the Companies Act 2006
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit we have not identified any material misstatements in the Strategic Report and the Report of the Board.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Grant Thornton UK LLP.

Joanne Love
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Manchester

27 July 2017

Statement of comprehensive income

	Note	2017 £'000	2016 £'000 Restated
Turnover	2	47,544	59,978
Operating Costs		(46,361)	(58,514)
Operating surplus	3	**1,183**	**1,464**
Interest payable and similar charges		(4)	(20)
Interest receivable and similar income		4	2
(Deficit)/surplus on ordinary activities before taxation		**1,183**	**1,446**
Taxation	4	53	(47)
Total comprehensive income for the year	9	**1,236**	**1,399**

Statement of changes in reserves

	Restated Profit and loss account £'000	Restated Total £'000
Balance as at 1 April 2015	913	913
Surplus for the year	1,399	1,399
Equity adjustment-Gift aid payment to parent	(1,156)	(1,156)
Balance at 31 March 2016	1,156	1,156
Surplus for the year	1,236	1,236
Equity adjustment-Gift aid payment to parent	(1,446)	(1,446)
Balance at 31 March 2017	946	946

The accompanying notes form part of these financial statements

Statement of financial position

	Note	2017 £'000	2016 £'000 Restated
Current assets			
Debtors	6	3,155	5,986
Cash at bank and in hand		4,198	3,085
		7,353	9,071
Creditors: amounts falling due within one year	7	(6,407)	(7,915)
Net current assets		946	1,156
Net assets		946	1,156
Capital and reserves			
Called up share capital	8	-	-
Profit and loss account	9	946	1,156
Equity shareholders' funds		946	1,156

The accompanying notes form part of these financial statements.

The financial statements were approved by the Board on 27 July 2017 and signed on their behalf by:

Francis Best
Director

Company number: 08730321

Notes to the financial statements

1 Accounting policies

Company information
Strata Housing Services Limited is incorporated under the Companies Act 2006 in the United Kingdom and its registered office is Colliers Way, Old Park, Telford, Shropshire TF3 4AW.

Basis of preparation of financial statements
The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The financial statements are presented in Sterling (£).

Significant judgements and estimates
Preparation of financial statements requires management to make significant judgements and estimates. There are no items in the financial statements where these judgements have been made.

Disclosure exemptions
The financial statements of the company have adopted the following disclosure exemptions:

- the requirement to present a statement of cash flows and related notes
- financial instrument disclosures, including:
    - categories of financial instruments
    - items of income, expenses, gains or losses relating to financial instruments
    - exposure to and management of financial risks, and
    - related party transactions with wholly owned subsidiaries of The Wrekin Housing Group Limited.

Turnover and revenue recognition
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. Turnover consists of the invoiced value (excluding VAT) of services supplied. Income for services provided is recognised at the point of legal completion of the service provided.

Interest payable
Interest payable is interest on bank overdrafts. It is charged to the statement of comprehensive income in the year.

Interest receivable
Interest receivable is interest earned on bank deposits and is shown as income in the statement of comprehensive income.

Cash
Cash at bank and in hand is cash held in current and deposit bank accounts.

Debtors
Short-term debtors are measured at transaction price, less any impairment.

Creditors
Short-term creditors are measured at the transaction price. Long-term creditors are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Notes to the financial statements (continued)

Taxation
The charge for taxation is based on surpluses arising on certain activities that are liable to tax.

Gift Aid
Gift aid is paid from distributable profits to the parent company, The Wrekin Housing Trust Limited, which is a registered charity.

2 Turnover

Turnover, analysed geographically between markets, was as follows:

	2017 £'000	2016 £'000
United Kingdom	47,544	59,978

Turnover, analysed by category, was as follows:

	2017 £'000	2016 £'000
Rendering of services	47,544	59,978

3 Operating profit

	2017 £'000	2016 £'000
Operating profit is arrived at after charging:		
Auditors' remuneration		
- for audit services	10	10

The charge for tax services is borne by the parent company The Wrekin Housing Trust Limited.

Notes to the financial statements (continued)

4 Taxation

	2017 £'000	2016 £'000
Current Tax		
UK corporation tax on surplus for the year	237	290
Adjustments in respect of prior years	(290)	(243)
Total current tax	(53)	47
Deferred tax		
Total tax on results on ordinary activities	(53)	47
Surplus on ordinary activities before tax	1,183	1,446
Theoretical tax at corporation tax rate of 20% (2016: 20%)	237	290
Effects of:		
Income not taxable		
Adjustments to tax in respect of prior periods	(290)	(243)
Total Tax Charge	(53)	47

5 Payment of gift aid

	2017 £'000	2016 £'000 Restated
Gift aid paid	1,446	1,156
	1,446	1,156

6 Debtors

	2017 £'000	2016 £'000
Amount owed by parent undertaking	3,048	5,986
Other taxation & social security	107	-
	3,155	5,986

There are no special repayment, interest or security arrangements in place with regard to amounts owed to the company by its parent undertaking.

Notes to the financial statements (continued)

7 Creditors: amounts falling due within one year

	2017 £'000	2016 £'000 Restated
Trade creditors	5,926	7,326
Other taxation	237	345
Amounts owed to parent undertaking	244	244
	6,407	7,915

There are no special repayment, interest or security arrangements in place with regard to amounts owed by the company to its parent undertaking.

8 Share Capital

	Authorised		Allotted and fully paid	
	2017 £	2016 £	2017 £	2016 £
Ordinary shares of £1 each	1	1	1	1

9 Profit and loss account reserves

Profit and loss account reserves include all current and prior period retained profits and losses.

10 Parent company and ultimate controlling party

The Wrekin Housing Trust Limited, a company incorporated in England, is the company's immediate parent. Consolidated accounts are prepared by The Wrekin Housing Group Limited, a company also incorporated in England. The Wrekin Housing Group Limited is the company's ultimate parent undertaking.

A copy of the consolidated group accounts is publicly available from the company's registered office as shown on page 1.

11 Directors

No director received any emoluments from the company during the year. (2016: £nil)

12 Contingent liabilities

The company has no contingent liabilities as at 31 March 2017 (2016: £nil).

Notes to the financial statements (continued)

13 Financial commitments

The company had no financial commitments as at 31 March 2017 (2016: £nil).

14 Related party disclosures

As a wholly owned subsidiary of The Wrekin Housing Group Limited, the company is exempt from the requirements of FRS 102 to disclose transactions with other wholly owned members of the group headed by The Wrekin Housing Group Limited on the grounds that the consolidated accounts are publicly available.

There are no other related party transactions to disclose.

15 Prior year adjustment

For the year ended 31 March 2016, Strata Housing Services Limited reported gift aid covenanted to its parent, The Wrekin Housing Trust Limited, of £1,446m and amounts owed to parent undertaking of £1.690m.

Due to the continuing impact of the implementation of FRS102 on the financial statements these have been restated to £1.156m and £0.244m respectively.

Strata Housing Services Limited's surplus for the year was £nil and has been restated to £1.399m.

Strata Housing Services Limited's Total assets less liabilities was £nil and has been restated to £1.156m.