



**Report of the Directors and
Audited Financial Statements
for the Year Ended 31 March 2016**

for

**Inclusion Housing Community Interest
Company**

**Inclusion Housing Community Interest
Company (Registered number: 06169583)**

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for the Year Ended 31 March 2016**

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**Inclusion Housing Community Interest
Company**

**Company Information
for the Year Ended 31 March 2016**

DIRECTORS WHO HELD OFFICE DURING THE PERIOD 1ST APRIL 2015 TO THE DATE OF THIS REPORT:

P Ottowell - Appointed 14th July 2015
I Brown - Appointed 20th October 2015
D De Silva -Resigned 1st April 2015
J Gibson -Appointed 20th August 2015
A Griffin -Appointed 14th July 2015- Resigned 17th June 2016
J Grimes -Appointed 20th October 2015
B Kirby -Appointed 14th July 2015
K Lewis -Appointed 20th October 2015
J McHale -Appointed 20th October 2015
S Milnes -Resigned 16th July 2015
G Naidoo -Appointed 14th July 2015
S Waters -Resigned 16th July 2015

COMPANY SECRETARY WHO HELD OFFICE DURING THE PERIOD 1ST APRIL 2015 TO THE DATE OF THIS REPORT:

S Milnes -Resigned 22nd December 2015
S Waters -Appointed 22nd December 2015

REGISTERED OFFICE:

York CVS, Priory Street Centre
15 Priory Street
York
Yorkshire
YO1 6ET

REGISTERED NUMBER:

06169583 (England and Wales)

HOMES AND COMMUNITIES AGENCY NUMBER: 4662

MEMBERS OF THE NATIONAL HOUSING FEDERATION

AUDITORS:

JN Straughan & Co.
Chartered Accountants
1st Floor, Portland House
Belmont Business Park
Durham
DH1 1TW

BANKERS:

The Co-Operative Bank
1 Balloon Street
Manchester
M60 4EP

**Inclusion Housing Community Interest
Company (Registered number: 06169583)**

**Report of the Directors
for the Year Ended 31 March 2016**

The Board of Inclusion Housing CIC is pleased to present its report together with the audited financial statements for the year ended 31st March 2016.

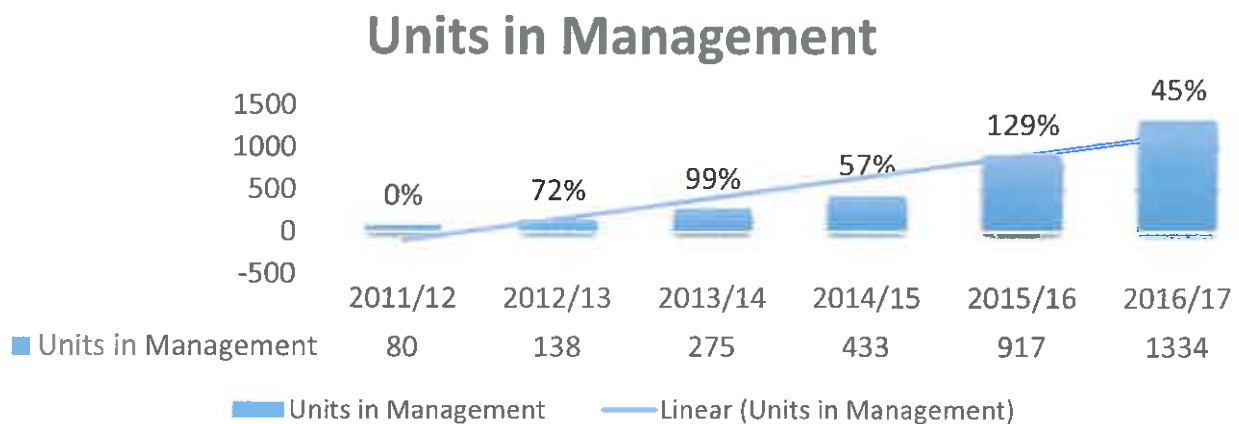
PRINCIPAL ACTIVITIES

Inclusion Housing is a Community Interest Company (CIC – Social Enterprise) regulated by the Government CIC Regulator, a Registered Provider of Social Housing regulated by the Homes and Communities Agency which was granted in June 2011. We are a not for profit, voluntary organisation, a public benefit entity and a member of the National Housing Federation and continue to work with and on behalf of vulnerable people.

Inclusion Housing is one of the leading national providers of non - government grant funded supported accommodation designed to meet a range of housing needs for adults with learning disabilities, mental ill-health, acquired brain injuries, physical & sensory disabilities and Extra Care, including a specialist dementia scheme. Within excess of, 917 units in management, located across 59 local authority areas we work in partnership with other organisations to meet the specific care and support needs of client groups with particular specialist requirements. Tenancies are granted to vulnerable people who receive daily support from specialist Support Providers.

Inclusion is an entrepreneurial, cutting edge company that can respond quickly to new opportunity or ideas. We are not bureaucratic or hierarchical; you can access the senior management team easily and without delay.

Continued business growth is helping to meet the demand for supported living accommodation in the social and healthcare sector.



WHERE WE OPERATE

A National Operation with a Local Presence

Although Inclusion has a national portfolio of properties we provide a local service through designated local representatives who visit homes at least every two weeks complemented by a local network of service contractors. We provide intensive housing management visits to residents on a fortnightly basis to help sustain tenancies and manage the signing up process, assist with housing benefit claims and respond quickly to issue and concerns through a personalised local service.

Inclusion Housing is currently developing further new supported living schemes in the North East, Yorkshire, Humberside, Lincolnshire, North West, London, South East and South West. We have a range of funders ranging from Banks (RBS, Co-op), Social Enterprise (Social Investment Business – previously known as Future Builders, Key Fund Yorkshire) and Grants (Awards for All, Modernisation Fund & PSA 16). The properties we manage are a mix of Inclusion Housing owned and long-term leases via Institutional Investment Partners.

**Inclusion Housing Community Interest
Company (Registered number: 06169583)**

**Report of the Directors
for the Year Ended 31 March 2016**

GOVERNANCE

The board, consists of nine members, who have adopted the NHF code of governance complying with its principle recommendations. Details of appointments at Companies House are included at Page 1 to these Financial Statements.

The Board's role is to provide strategic direction and to govern, control and scrutinise our operations. The Board meets regularly to review the performance of the business.

Chairman

Pete Ottowell

Board Members

Ian Brown

Jonathan Gibson

Alan Griffin

June Grimes

Brenda Kirby

Keith Lewis

John McHale

Guru Naidoo

Newly created in 2016

Remuneration Sub Committee	Role
Guru Naidoo	Chairman
Responsible for overseeing terms & conditions of employment, remuneration and the board member appraisal process	

Audit & Risk Sub Committee	Role
Brenda Kirby	Chairman
Responsible for overseeing standards of probity, risk management strategy and internal and external audit	

Board member remuneration was introduced in October 2015, with each board and committee member expected to attend at least 90% of meetings each year and all board and committee members are subject to regular performance appraisals.

Senior Executives

N Brown – Chief Executive (appointed July 2015)

S Waters – Company Secretary

P Atkins – Property Director (appointed December 2015)

M Dyas – Operations Director (appointed November 2015)

S Milnes – Finance Director

Pensions

The Executive Directors are eligible to be members of the defined contribution pension scheme. They participate in the scheme on the same terms as all eligible staff and Inclusion Housing contributes to the scheme on behalf of its employees.

**Inclusion Housing Community Interest
Company (Registered number: 06169583)**

**Report of the Directors
for the Year Ended 31 March 2016**

STRATEGIC VISION & PRIORITIES

VISION

To be the leading health & social care landlord for vulnerable adults; providing flexible, innovative housing solutions and life opportunities in partnership'

PRIORITIES

Strategic Priority 1	Strategic Objectives	Issue	Key Outcomes	IH Value
Asset Management	Maintain Assets - The delivery of high performing efficient and compliant property maintenance and servicing arrangements that deliver excellence and maintain our property portfolio to a high standard	Property	Top Quartile Maintenance Service Satisfaction Reduced average property costs within Business Plan	Excellence
	Develop New Business - Fully appraise each development opportunity as IH expands its portfolio across the country as a unique housing & social enterprise;	Growth	3000 properties in Management by 2021	Entrepreneur

Strategic Priority 2	Strategic Objectives	Issue	Key Outcomes	IH Value
Business Viability	Organisational Development - To encourage innovation and flair within the team, combined with a reward structure that encourages individuals will always continue to demonstrate the extra commitment to get the job done	People	National Top Employer Award Investor in People Accreditation	Inclusive
	Continuous Improvement - To continuously improve our operational systems and service delivery	Delivery & Customer	Investors in Excellence Accreditation	Collaborative
	Management Viability - Be effectively governed and professionally managed	Governance	G1 Governance Rating	Trusted

**Inclusion Housing Community Interest
Company (Registered number: 06169583)**

**Report of the Directors
for the Year Ended 31 March 2016**

PRIORITIES

Strategic Priority 3	Strategic Objectives	Issue	Key Outcomes	IH Value
Customer Excellence	Homelife Tenant Involvement- Support & encourage volunteering, training and employment opportunities and the related benefits this brings to an individual's lifestyle	Resident Involvement	TPAS Accreditation Top Quartile Customer Satisfaction	Inclusive Excellence
	Customer Excellence - Meet the housing needs of vulnerable people and provide a range of housing related services to enable the tenants to live a happy and sustainable lifestyle	Diversity & choice	Customer Excellence Accreditation Investors in Diversity Accreditation	Excellence Inclusive

Strategic Priority 4	Strategic Objectives	Issue	Key Outcomes	IH Value
Financial Viability	Financial Viability - Be financially viable, and professionally managed.	Finance	Deliver against our business plan	Trusted
	Value for Money- To be efficient in our drive to provide a range of housing and related services to a recognised quality to all our current tenants and customers	Value	Reduce Average Operational Costs by 15% £1m Annual Surplus	Collaboration

PURPOSE

Our two main purposes are:

- Meet the housing needs of vulnerable people and provide a range of housing related services to enable the tenants to live a happy and sustainable lifestyle
- Support & encourage volunteering, training and employment opportunities and the related benefits this brings to an individual's lifestyle

VALUES

Our key values are:

- Being **entrepreneurial** and innovative to grow our company
- Being **inclusive** and person centred to promote diversity across our activity
- Delivering **excellence** across all our activities and services
- **Trusted** by being open and accountable to our stakeholders
- Working in **collaboration** with all stakeholders to ensure improvement.

**Inclusion Housing Community Interest
Company (Registered number: 06169583)**

**Report of the Directors
for the Year Ended 31 March 2016**

VALUE FOR MONEY

Our Value for money approach is an IH strategic objective and linked to our vision. The value for money objective is to: - **'Ensure robust business planning that delivers value for money'**

Value for Money achievements in 2015/16

Key Strategic Priority	Self-Assessment
Asset Management	<p>Growth in Business</p> <ul style="list-style-type: none"> ➤ Completed 484 new units in management with plans to deliver in 2016/17 417, and to achieve over 400 units a year in line with the strategic plan
Business Viability	<p>Continuous Improvement</p> <ul style="list-style-type: none"> ➤ 12% year on year reduction in the staffing overhead costs per property ➤ Increased the number of ways to pay, introducing direct debit rent collection functionality ➤ With strengthening in middle management capability the annual rent debit setting & negotiation process undertaken in house - saving £36K to be realised in 2015/16 ➤ Re-aligning managing agent patches to reduce non-productive / travel time and fuel costs
Financial Viability	<p>Financial Viability</p> <ul style="list-style-type: none"> ➤ Achieving a 5% surplus in line with budget. Focus for the next five years to improve the surplus to 6% by reducing our core cost base and better procurement ➤ Improvements in insurance procurement in 2015 saved over £67K which will benefit tenants and partners through reduced service charges ➤ Change in Lease Payment terms from month end to 20 days following month end ensured a cash flow positive position- cash funds increased by £879K in year, in line with surplus before property sinking fund
	<p>VFM</p> <ul style="list-style-type: none"> ➤ Worked with Partners towards agreement to self-insure voids lost income - £86K saving on Insurance premiums

**Inclusion Housing Community Interest
Company (Registered number: 06169583)**

**Report of the Directors
for the Year Ended 31 March 2016**

BUSINESS REVIEW

Financial Viability

As a housing provider it is essential that we make a healthy surplus so we can fulfil our core strategic priorities. All our surpluses are reinvested into either bringing new units into management or into improving services for our residents.

The board are pleased to report a surplus on ordinary activities before taxation for the year of £543K after spending £808K to maintain the existing units in management together with creating a property sinking fund £323K to be spent on future investment in the properties managed to enable IH to continue to provide high quality homes for our residents.

The two-year income and expenditure account is summarised below:

	2015/16 £'000	2014/15 '000
Income – units in Management	10,363	4,368
Other Operating Income	716	312
Operating Income	11,079	4,680
Property Lease Costs	6,466	2,815
Repair & Maintenance Costs	808	274
Service Charge Costs	1,079	405
Management Costs	1,337	713
Other operating Costs	523	407
Property Sinking Fund	323	0
Operating Costs	10,536	4,614
Operating Surplus before Tax	543	66

The increased surplus generated in the year was largely due to the 136% growth in income, which created economies of scale, enabling procurement gains, control of costs and an opportunity to reduce management costs.

With a focused approach to cash flow management and improvements in arrears collection rates the surplus generated in the year has been realised in cash balances.

Key financial indicators derived from the financial statements and used to monitor and report performance are shown below:

	2015/16 Target	2015/16 Actual
Liquidity Ratio (Liquid Assets / Short Term Liabilities)	>1.01	1.25
EBITDA% (Before planned Maintenance Sinking fund)	>= 8%	7.83%
Cash Flow (Headroom)	£500k	£713K
Employee costs % turnover	10%	10%
Sickness Absence	<3%	2.1%
Lease Costs % of Income	58%	55%
% CTA (Wk52 HB Lag lowest point)	5.28%	5%
% of properties with a valid CP12 certificate	100%	100%

**Inclusion Housing Community Interest
Company (Registered number: 06169583)**

**Report of the Directors
for the Year Ended 31 March 2016**

LOOKING TO THE FUTURE

The focus during the next five years will be on 'Delivery & Growth' by providing quality services to our customers and growing to in excess of 3000 units in management. We will achieve this by enhancing our efficiency to generate increased surpluses for investment in homes and services, and continuing to develop our people & organisation so that we can do more and better. These strategic priorities will help us to deliver our longer-term targets to 2021.

The key operating principles of Inclusion Housing are:

- Continue to grow and develop the number of units in management and provide services on a national level
- Enhance our working relationship with others, particularly finance partners, care providers, developers, Enterprise Partnerships, strategic partnerships, government agencies, The Homes and Communities Agency and the voluntary sector.
- Ensure that all new development proposals remain demand led, viable and subject to high levels of commissioner consultation.
- Continue to provide excellent services that are sensitive to the needs of residents and communities, and meet the aspirations of our partners and residents.
- Set clear measures of performance that are reviewed and reported regularly, and make a commitment to on-going improvement in service delivery.
- Ensure that our staff are well trained and motivated, and have clear targets that contribute directly to achieving business goals.
- Ensure that the governance and decision-making processes within IH are efficient and accountable.
- Ensure the key risks to IH are identified, monitored and managed effectively at a strategic and operational level.
- Ensure that the business remains financially viable, and that IH achieves growing surpluses and increased cash reserves in each year of the business plan period.

RISKS & UNCERTAINTIES

Key risks are reviewed during the year by the senior executive team and the board monitoring progress in controlling and mitigating the identified risks. The funding for vulnerable adults eligible for exempt accommodation is currently not subject to the welfare reform and work bill, but changes to the current level of funding is a key risk for the organisation.

The Business plan has been stress tested to ensure the executive team and board are aware of the effect of a fall in the target growth levels, increases in the number of voids and changes in government legislation. The scenario testing revealed one of the key risks to the financial success of the organisation is the lost income due to voids. The Board recently agreed new schemes would not be taken into management without a voids cover agreement being in place reducing the risk of high levels of lost income due to voids. Enhanced terms have been negotiated with partners providing 10 years' voids cover from the previous 5-year level. The level of risk has been mitigated with the strengthened operational management resources and improved contractual terms.

In all financial matters, Inclusion Housing is risk averse. Its policy, strategies and procedures are structured so as to minimise exposure to risks that could jeopardise the security or value of our assets.

**Inclusion Housing Community Interest
Company (Registered number: 06169583)**

**Report of the Directors
for the Year Ended 31 March 2016**

STATEMENT OF INTERNAL CONTROLS

The board acknowledges its 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 eliminating the risk of failure to achieve business objectives and to provide reasonable assurance against material misstatement or loss.

Key elements of the control framework include:

- Board approved terms of reference and delegated authorities for Audit & Risk committee and the Remuneration committee
- Clearly defined management responsibilities for the identification, evaluation and control of significant risks
- Robust strategic and business planning processes, with detailed financial budgets and forecasts
- Formal HR policies for all staff
- Established approval and appraisal procedures for significant new initiatives and commitments
- Robust performance reporting framework

GOING CONCERN

Inclusion Housing business activities and current financial position are set out in this operating and financial review. With increased cash reserves and adequate resources, the Inclusion Housing business plan shows it is able to meet its ongoing obligations and loan covenants.

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

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors 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 law), 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 of the company and of the surplus or deficit 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 and the Statement of Recommended Practice (SORP) for Registered Social Housing Providers update 2014, have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 him 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.

**Inclusion Housing Community Interest
Company (Registered number: 06169583)**

**Report of the Directors
for the Year Ended 31 March 2016**

In transitioning to FRS 102 the Company has fully complied with the Accounting Direction for Private Registered Providers of Social Housing 2015.

A qualifying third party indemnity provision is in place for directors and officers of the Company.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

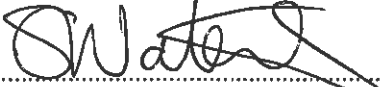
So far as each director is aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, JN Straughan & Co., will be proposed for re-appointment at the forthcoming Annual General Meeting.

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:



.....
Mrs S Waters -- Company Secretary

Date: 21st June 2016

**Report of the Independent Auditors to the Members of
Inclusion Housing Community Interest
Company**

We have audited the financial statements of Inclusion Housing Community Interest Company for the year ended 31 March 2016 on pages thirteen to twenty-five. 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 UK 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 a Report of the Auditors 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 Directors' Responsibilities set out on page nine, the directors 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). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors, including "APB Ethical Standard - Provisions Available for Small Entities (Revised)", in the circumstances set out in note eighteen to the financial statements.

Scope of the audit of the financial statements

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 directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Directors 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.

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 2016 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015.

Other Matter

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

**Report of the Independent Auditors to the Members of
Inclusion Housing Community Interest
Company**

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; or
- the directors' were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Directors.

Mr W.H. Sawyer (Senior Statutory Auditor)
for and on behalf of JN Straughan & Co.
Chartered Accountants
1st Floor, Portland House
Belmont Business Park
Durham
DH1 1TW



Date: 21st June 2016

**Inclusion Housing Community Interest
Company (Registered number: 06169583)**

**Statement of Comprehensive Income
for the Year Ended 31 March 2016**

	Notes	2016		2015	
		£	£	£	£
TURNOVER	2		11,079,532		4,819,338
Other external charges			<u>8,542,302</u>		<u>3,431,154</u>
			2,537,230		1,388,184
Staff costs	4	1,019,173		529,856	
Depreciation		46,648		33,910	
Other operating charges		<u>880,339</u>		<u>696,389</u>	
			<u>1,946,160</u>		<u>1,260,155</u>
OPERATING SURPLUS	5		591,070		128,029
Interest receivable and similar income			<u>1,080</u>		<u>1,844</u>
			592,150		129,873
Interest payable and similar charges	6		<u>49,331</u>		<u>41,390</u>
SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION			542,819		88,483
Tax on surplus on ordinary activities	7		<u>113,906</u>		<u>22,821</u>
SURPLUS FOR THE FINANCIAL YEAR			428,913		65,662
OTHER COMPREHENSIVE INCOME			<u>-</u>		<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR			<u><u>428,913</u></u>		<u><u>65,662</u></u>

The Company's results relate wholly to continuing activities.

The accompanying notes form part of these Financial Statements.

**Inclusion Housing Community Interest
Company (Registered number: 06169583)**


**Balance Sheet
31 March 2016**

	Notes	2016		2015	
		£	£	£	£
FIXED ASSETS					
Tangible assets	8		1,144,423		1,132,608
CURRENT ASSETS					
Debtors	9	1,121,381		592,117	
Cash at bank and in hand		<u>1,980,367</u>		<u>1,101,356</u>	
			3,101,748		1,693,473
CREDITORS					
Amounts falling due within one year	10	<u>1,712,914</u>		<u>957,001</u>	
NET CURRENT ASSETS			<u>1,388,834</u>		<u>736,472</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>2,533,257</u>		<u>1,869,080</u>
CREDITORS					
Amounts falling due after more than one year	11		2,100,798		1,873,985
PROVISIONS FOR LIABILITIES	15		22,681		14,230
RESERVES					
Income and expenditure account	16	<u>409,778</u>		<u>(19,135)</u>	
			<u>409,778</u>		<u>(19,135)</u>
			<u>2,533,257</u>		<u>1,869,080</u>

The financial statements were approved by the Board of directors on 21st June 2016 and were signed by:



 P A Ottowell - Director & Chairman



 Guru Naidoo - Director

The notes form part of these financial statements

**Inclusion Housing Community Interest
Company (Registered number: 06169583)**

**Statement of Changes in Equity
for the Year Ended 31 March 2016**

	Retained earnings £	Total equity £
Balance at 1 April 2014	(84,797)	(84,797)
Changes in equity		
Total comprehensive income	<u>65,662</u>	<u>65,662</u>
Balance at 31 March 2015	<u>(19,135)</u>	<u>(19,135)</u>
Changes in equity		
Total comprehensive income	<u>428,913</u>	<u>428,913</u>
Balance at 31 March 2016	<u><u>409,778</u></u>	<u><u>409,778</u></u>

The notes form part of these financial statements

**Inclusion Housing Community Interest
Company (Registered number: 06169583)**

**Cash Flow Statement
for the Year Ended 31 March 2016**

	Notes	2016 £	2015 £
Cash flows from operating activities			
Cash generated from operations	1	1,060,947	937,419
Interest paid		(49,331)	(41,390)
Tax paid		<u>(19,322)</u>	<u>(7,150)</u>
Net cash from operating activities		<u>992,294</u>	<u>888,879</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(58,462)	(62,710)
Interest received		<u>1,080</u>	<u>1,844</u>
Net cash from investing activities		<u>(57,382)</u>	<u>(60,866)</u>
Cash flows from financing activities			
Loan repayments in year		<u>(55,901)</u>	<u>(63,993)</u>
Net cash from financing activities		<u>(55,901)</u>	<u>(63,993)</u>
		<hr/>	<hr/>
Increase in cash and cash equivalents		879,011	764,020
Cash and cash equivalents at beginning of year	2	1,101,356	337,336
		<hr/>	<hr/>
Cash and cash equivalents at end of year	2	<u><u>1,980,367</u></u>	<u><u>1,101,356</u></u>

The notes form part of these financial statements

**Inclusion Housing Community Interest
Company (Registered number: 06169583)**

**Notes to the Cash Flow Statement
for the Year Ended 31 March 2016**

1. RECONCILIATION OF SURPLUS BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2016	2015
	£	£
Surplus before taxation	542,819	88,483
Depreciation charges	46,648	33,910
Finance costs	49,331	41,390
Finance income	<u>(1,080)</u>	<u>(1,844)</u>
	637,718	161,939
(Increase)/decrease in trade and other debtors	(529,264)	300,991
Increase in trade and other creditors	<u>952,493</u>	<u>474,489</u>
Cash generated from operations	<u><u>1,060,947</u></u>	<u><u>937,419</u></u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 March 2016

	31.3.16	1.4.15
	£	£
Cash and cash equivalents	<u><u>1,980,367</u></u>	<u><u>1,101,356</u></u>

Year ended 31 March 2015

	31.3.15	1.4.14
	£	£
Cash and cash equivalents	<u><u>1,101,356</u></u>	<u><u>337,336</u></u>

The notes form part of these financial statements

**Inclusion Housing Community Interest
Company (Registered number: 06169583)**

**Notes to the Financial Statements
for the Year Ended 31 March 2016**

1. ACCOUNTING POLICIES

Legal status

The company is registered as a Community Interest Company and is registered with the Homes and Communities Agency as a social housing provider. The registered office is York CVS, Priory Street Centre, 15 Priory Street, York YO1 6ET.

Basis of accounting

The financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including Financial Reporting Standard 102 (FRS 102) and the Housing SORP 2014: Statement of Recommended Practice for Registered Social Housing Providers and comply with the Accounting Direction for Private Registered Providers of Social Housing 2015.

This is the first year in which the financial statements have been prepared under FRS 102. The date of transition is 1 April 2014. The transition to FRS 102 has not resulted in any material changes to the results that would have been reported under previous accounting standards. The presentation currency is £ sterling.

Turnover

Turnover comprises rental income receivable in the year, other services included at the invoiced value of goods and services supplied in the year and revenue grants covering the period of the financial statements. Rental income is recognised as the gross of rentals offered, and voids are deducted as an expense. Unspent revenue grant applicable to future financial years is included in creditors. As the Company is registered for VAT, such income is stated net of VAT where applicable.

Interest payable

Interest is allocated at a constant rate on the carrying amount over the period of the loan. Other interest payable is charged to the income and expenditure account in the year.

Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable surplus for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is measured at the tax rates that are expected to apply in the periods when the timing differences are expected to reverse, based on tax rates and law enacted or substantively enacted at the Balance Sheet date. Deferred tax assets and liabilities are not discounted.

Value added tax

The Company is liable to charge value added tax (VAT) on some of its income and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT to the extent that it is suffered by the Company and not recoverable from HM Revenue and Customs. The balance of VAT payable or recoverable at the year end is included as a current liability or asset.

Financial Instruments

Financial instruments which meet the criteria of a basic financial instrument as defined in Section 11 of FRS 102 are accounted for under an amortised historical cost model.

Housing properties

Housing properties are properties held for the provision of social housing or to otherwise provide social benefit. Housing properties are principally available for rent and are stated at cost less accumulated depreciation and any accumulated impairment losses. Cost includes the cost of acquiring land and buildings, development costs, interest charges incurred during the development period.

Leasehold properties

Alterations to leasehold properties are stated at cost less accumulated amortisation.

Other fixed assets

These are stated at cost less accumulated depreciation.

**Inclusion Housing Community Interest
Company (Registered number: 06169583)**

**Notes to the Financial Statements
for the Year Ended 31 March 2016**

1. ACCOUNTING POLICIES (CONTINUED)

Depreciation

Major components are treated as separable assets and depreciated over their expected economic lives on a straight line basis as follows:

Housing Properties	- over 50 years
Boilers and heating systems	- over 15 years
Kitchens	- over 15 years
Bathrooms	- over 15 years
Furniture	- over 10 years
Fire Safety systems	- over 7 years
Furnishings	- over 5 years
Computer equipment	- over 4 years

Alterations to leasehold properties are written off by way of amortisation over the period of the leases if that period is shorter than those quoted above. Freehold land is not depreciated.

Works to existing housing properties

Improvements are works which result in an increase in the net rental income, such as a reduction in future maintenance costs, or result in a significant extension of the useful economic life of the property in the business. Only the direct overhead costs associated with new developments or improvements are capitalised.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against income on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate.

2. PARTICULARS OF INCOME AND EXPENDITURE FROM SOCIAL HOUSING LETTINGS

	2016	2015
	£	£
Rent receivable	11,047,780	4,794,280
Revenue grants receivable	<u>31,752</u>	<u>25,058</u>
Turnover from social housing lettings	11,079,532	4,819,338
Lease Rents payable	6,385,420	2,802,217
Maintenance and other property costs	2,156,882	628,937
Bad Debts	83,037	149,171
Depreciation of housing properties and elements included therein	34,681	33,069
Insurance	358,651	297,705
Office Rent	21,761	17,924
Wages and salaries	1,019,173	529,856
Management, Consultancy, Legal & Professional Fees	173,276	73,840
Other costs	<u>255,581</u>	<u>158,590</u>
Operating costs on social housing lettings	10,488,462	4,691,309
Operating surplus on social housing lettings	<u>591,070</u>	<u>128,029</u>
Void Losses	1,372,060	743,696

**Inclusion Housing Community Interest
Company (Registered number: 06169583)**

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2016**

3. ACCOMMODATION IN MANAGEMENT

The number of units in management for social housing accommodation was as follows:

2016	2015
<u>917</u>	<u>433</u>

4. STAFF COSTS

	2016 £	2015 £
Wages and salaries	943,768	481,428
Social security costs	63,436	39,173
Other pension costs	<u>11,969</u>	<u>9,255</u>
	<u>1,019,173</u>	<u>529,856</u>

The average monthly number of employees during the year was as follows:

	2016	2015
Housing Management	12	12
Support	5	4
Administration and Finance	<u>12</u>	<u>6</u>
	<u>29</u>	<u>22</u>

The aggregate remuneration for key management personnel charged in the year is:

Salary	221,837	112,574
Pension Contributions	<u>5,187</u>	<u>1,202</u>
	<u>227,837</u>	<u>114,776</u>

The emoluments payable to the highest paid senior executive were £52,875 (2015 £50,012).

The number of senior executives to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>2</u>	<u>2</u>
------------------------	----------	----------

5. OPERATING SURPLUS

The operating surplus is stated after charging:

	2016 £	2015 £
Other operating leases	21,761	17,924
Depreciation - owned assets	46,647	33,909
Auditors' remuneration (excluding VAT)	9,000	7,000
Housing property - operating leases	6,385,420	2,802,217
Void Losses	<u>1,372,060</u>	<u>743,696</u>

**Inclusion Housing Community Interest
Company (Registered number: 06169583)**

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2016**

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2016	2015
	£	£
Bank interest	29,720	24,008
Loan	<u>19,611</u>	<u>17,382</u>
	<u>49,331</u>	<u>41,390</u>

7. TAXATION

Analysis of the tax charge

The tax charge on the surplus on ordinary activities for the year was as follows:

	2016	2015
	£	£
Current tax:		
UK corporation tax	106,201	20,068
Over provision in respect of previous year	<u>(746)</u>	<u>-</u>
Total current tax	105,455	20,068
Deferred tax	<u>8,451</u>	<u>2,753</u>
Tax on surplus on ordinary activities	<u>113,906</u>	<u>22,821</u>

UK corporation tax has been charged at 20% (2015 - 20%).

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2016	2015
	£	£
Surplus on ordinary activities before tax	<u>542,819</u>	<u>88,483</u>
Surplus on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2015 - 20%)	108,564	17,697
Effects of:		
Capital allowances in excess of depreciation	(2,363)	-
Depreciation in excess of capital allowances	-	2,371
Corporation tax – over provision in respect of previous year	(746)	-
Deferred tax – origination and reversal of timing differences	<u>8,451</u>	<u>2,753</u>
Total tax charge	<u>113,906</u>	<u>22,821</u>

**Inclusion Housing Community Interest
Company (Registered number: 06169583)**

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2016**

8. TANGIBLE FIXED ASSETS

	Freehold property £	Improvements to property £	Furniture & Equipment £	Computer equipment £	Totals £
COST					
At 1 April 2015	1,188,175	35,784	37,236	18,863	1,280,058
Additions	<u>-</u>	<u>-</u>	<u>1,177</u>	<u>57,285</u>	<u>58,462</u>
At 31 March 2016	<u>1,188,175</u>	<u>35,784</u>	<u>38,413</u>	<u>76,148</u>	<u>1,338,520</u>
DEPRECIATION					
At 1 April 2015	116,185	9,538	10,534	11,193	147,450
Charge for year	<u>26,126</u>	<u>3,550</u>	<u>5,015</u>	<u>11,956</u>	<u>46,647</u>
At 31 March 2016	<u>142,311</u>	<u>13,088</u>	<u>15,549</u>	<u>23,149</u>	<u>194,097</u>
NET BOOK VALUE					
At 31 March 2016	<u>1,045,864</u>	<u>22,696</u>	<u>22,864</u>	<u>52,999</u>	<u>1,144,423</u>
At 31 March 2015	<u>1,071,990</u>	<u>26,246</u>	<u>26,702</u>	<u>7,670</u>	<u>1,132,608</u>

Improvements to property relates to short leasehold property.

Housing Property above consists wholly of Social Housing properties acquired for letting which are held on a freehold basis. All elements constitute completed projects.

Included in Housing Property is a property acquired in 2011 for £1 (subject to a legal charge of £400,000 to cover market value). This property is kept in perpetuity for social purpose; future disposal is restricted under the terms of the transfer agreement.

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Rental debtors	554,057	353,896
Trade debtors	407,798	185,689
Other debtors	871	1,811
Prepayments and accrued income	<u>158,655</u>	<u>50,721</u>
	<u>1,121,381</u>	<u>592,117</u>

**Inclusion Housing Community Interest
Company (Registered number: 06169583)**

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2016**

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016	2015
	£	£
Bank loans and overdrafts (see note 12)	35,753	34,416
Other loans (see note 12)	15,925	161,947
Trade creditors	842,035	330,818
Tax	106,201	20,068
Social security and other taxes	20,721	13,582
VAT	56,507	23,285
Other creditors	8,599	677
Accruals and deferred income	<u>627,173</u>	<u>372,208</u>
	<u><u>1,712,914</u></u>	<u><u>957,001</u></u>

Accruals and deferred Income of £627,173 (2015 £372,208) includes £2,203 (2015 £1,717) in respect of accrued pension contributions.

11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2016	2015
	£	£
Bank loans (see note 12)	514,091	546,270
Other loans (see note 12)	304,623	320,593
Accruals and deferred income	<u>1,282,084</u>	<u>1,007,122</u>
	<u><u>2,100,798</u></u>	<u><u>1,873,985</u></u>

12. LOANS

An analysis of the maturity of loans is given below:

	2016	2015
	£	£
Amounts falling due within one year or on demand:		
Bank loans	35,753	34,416
Other loans	<u>15,925</u>	<u>161,947</u>
	<u><u>51,678</u></u>	<u><u>196,363</u></u>
Amounts falling due between one and two years:		
Bank loans	37,144	35,753
Other loans	<u>16,907</u>	<u>15,925</u>
	<u><u>54,051</u></u>	<u><u>51,678</u></u>
Amounts falling due between two and five years:		
Bank loans - 2-5 years	120,337	115,825
Other loans - 2-5 years	<u>57,240</u>	<u>53,250</u>
	<u><u>177,577</u></u>	<u><u>169,075</u></u>

**Inclusion Housing Community Interest
Company (Registered number: 06169583)**

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2016**

12. LOANS - continued

	2016 £	2015 £
Amounts falling due in more than five years: Repayable by instalments		
Bank loans	356,610	394,692
Other loans	<u>230,476</u>	<u>251,418</u>
	<u>587,086</u>	<u>646,110</u>

All of the loans included above relate to Housing Loans. Such loans are secured by specific charges on the company's housing properties.

Bank loans include one loan from the Co-operative bank and three loans from the Royal Bank of Scotland. The rate of interest applicable to the loan from the Co-operative bank is 2.5% over base. Two of the loans from the Royal Bank of Scotland attract interest at a rate of 3.5% over base, whilst the interest rate applicable to the third is 3.9% over base.

The final instalment on the loan from the Co-operative bank is due in 2025, whilst the loans from the Royal Bank of Scotland are expected to be repaid in the period 2022 - 2023. All repayments on bank loans are due monthly.

The main element of Other Loans is a total amount of £320,548 due to Social Investment Business. Monthly repayments are applicable and the interest rate is currently 6.0%. Final repayment is expected to be made in 2022.

13. LEASING AGREEMENTS

The total minimum future payments at the end of the year are as follows:

	2016 £	2015 £
Operating Leases expiring:		
Within one year	133,533	319,022
Between one and five years	78,097	114,692
In more than five years	<u>315,794,311</u>	<u>79,871,045</u>
	<u>316,005,941</u>	<u>80,304,759</u>

14. SECURED DEBTS

The following secured debts are included within creditors:

	2016 £	2015 £
Bank loans	549,844	580,686
Other loans	<u>320,549</u>	<u>335,594</u>
	<u>870,393</u>	<u>916,280</u>

The carrying value of Housing Properties which form the main element of security is included at Note 8 to these financial statements.

**Inclusion Housing Community Interest
Company (Registered number: 06169583)**

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2016**

15. PROVISIONS FOR LIABILITIES

	2016	2015
	£	£
Deferred tax		
Accelerated capital allowances	<u>22,681</u>	<u>14,230</u>

		Deferred tax
		£
Balance at 1 April 2015		14,230
Charge to Statement of Comprehensive Income during year		<u>8,451</u>
Balance at 31 March 2016		<u>22,681</u>

16. RESERVES

		Income and expenditure account
		£
At 1 April 2015		(19,135)
Surplus for the year		<u>428,913</u>
At 31 March 2016		<u>409,778</u>

17. OTHER FINANCIAL COMMITMENTS

Inherent in a number of the agreements relating to the Company's leased property referred to at Note 13 above, are certain legal charges.

Mortgage Agency Services Number One Limited holds fixed charges relating to the benefit of all agreements in respect of the portfolio of property leased from Supported Living Options Limited via three Third Party Mortgages. They also hold a charge on all monies due from Inclusion Housing CIC under the lease agreements in place.

Supported Living Limited holds a charge on all monies due or to become due from Inclusion Housing CIC to them.

18. APB ETHICAL STANDARD - PROVISIONS AVAILABLE FOR SMALL ENTITIES

In common with many other businesses of our size and nature we use our auditors to prepare and submit returns to the tax authorities and assist with the preparation of the financial statements.

19. COMPANY LIMITED BY GUARANTEE

The company is limited by guarantee, the liability of the Members on winding up is limited to £1.