



**JULIAN HOUSE**

**REPORT OF THE BOARD OF MANAGEMENT AND FINANCIAL  
STATEMENTS FOR THE YEAR ENDED**

**31 MARCH 2014**

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**JULIAN HOUSE  
FINANCIAL STATEMENTS  
YEAR ENDED 31 MARCH 2014**

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Registration number (under the Industrial and Provident Societies Act 1965 now the Co-operative and Community Benefit Societies Act 2014.): **19305R**

Registered with the Tenant Services Authority (now the Housing and Community Agency) as a Registered Provider - registration number: **L4549**

**Registered office:** 55 New King Street, Bath BA1 2BN

**Board of Management:**

Elected	Libby Gawith	Chair
	Bob Alderman *	
	Matthew Graham	
	Jonathan O'Shea	
	Ben Simpson	
	John Symonds	(Retired September 2013)
	Christine Tuckerman	
	Roger Wain-Heapy	
	Claire Wynne-Hughes *	
	Barry Hughes	
	Sean McDonagh	
	Declan Howlett	(Resigned September 2013)
	Maggie King	(Resigned June 2014)
	Michael Whitcroft	(Appointed May 2013)
	Edward Rowberry	(Appointed March 2014)

**Chief Executive:** Peter Denning

**Senior Management Team:**

Jane Andrew	HR & Admin Manager
John Isserlis	Operations Director
Helene Law	Finance Director & Secretary
Cecil Weir	Funding & PR Manager

**Auditors:** Bishop Fleming, 16 Queen Square, Bristol BS1 4NT

**Bankers:** Lloyds TSB, Milsom Street, Bath BA1 1DN  
Bank of Scotland, Bath Street, Glasgow GL2 2DN  
CAF Bank Ltd, Kings Hill, Kent ME19 4JQ  
Monmouthshire Building Society, Monmouthshire House, John Frost Square, Newport, South Wales NP20 1PX

\* on the Board for more than 9 years

## **REPORT OF THE BOARD OF MANAGEMENT**

The Board of Management present their report together with financial statements for the year ended 31 March 2014.

### **Our Vision:**

***“Reduce homelessness and empower vulnerable people to create independent, sustainable lives.”***

### **Julian House’s 2014-19 Strategic Aims and Objectives:**

- Be the major local influence and contributor to the development of progressive and integrated solutions to homelessness, whilst increasing the organisation’s base of services.
- Provide effective value-for-money services, which through housing and support contribute to improved wellbeing for people in vulnerable circumstances.
- Empower and facilitate Service User contributions to the services they use and to the development of new services.
- Advocate and campaign against discrimination, inequalities and injustices faced directly or indirectly by Service Users.
- Be acknowledged as an organisation which values its staff and volunteers, with a commitment to equal opportunities and personal development.
- Increase financial organisational stability year-on-year whilst contributing to a sustainable environment.

In addition to Direct Access Hostel accommodation for people sleeping rough, Julian House provides longer term housing with support, and is registered with the Homes and Communities Agency. Through Social Enterprise we create opportunities for learning and work which seek to tackle some of the underlying causes of homelessness. Julian House supports people who have experienced street homelessness, domestic abuse, the criminal justice system or social exclusion.

The work of the organisation is carried out by a team of 75 staff (part and full time) who are tasked with running Julian House’s services and support services direct to clients. Those staff are supported by 190 volunteers. Volunteer tasks include working in the kitchen at Manvers Street Hostel, carrying out bike repairs at the Bath Bike Workshop, cooking in the kitchen at our project in Henrietta Street, supporting various Meaningful Occupation activities, providing Business Development support, supporting our two Charity Shops and through Board membership. We are extremely grateful for all the working hours that these volunteers donate to us as we would not be able to provide the current level of service without them.

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Within a turbulent external environment the pressure on Julian House services and other similar organisations has grown and this is reflected in the organisation's current activity and ambitions for the future. During this financial year discussions have taken place with Aspire Community Enterprise Ltd with a view to taking this organisation in to the Trading Subsidiary Julian House Trading from the beginning of the 2014/15 financial year. Similarly work has started to develop a second Bike Workshop in Trowbridge. There are plans to grow the charitable income through further shops, events and Trust applications as well as growing our core work where it is in our target area and within our expertise.

**Activities in 2013/14**

Julian House continues to make good progress in developing new and existing services which have had an impact on the lives of hundreds of socially excluded people. At the beginning of the financial year 'Bath Soup Company' was given to Julian House and now operates within the trading subsidiary Julian House Trading. Bath Soup Company is a Social Enterprise employing people to produce high quality organic soup for resale to cafés and direct to the public.

In September 2013 Julian House undertook a merger in the form of an Asset Transfer from the Bristol based charity 'St Vincent's Housing, Learning and Guidance' (St Vincent's). For ten years, St Vincent's has supported people who are in recovery from substance or alcohol abuse. At the time of merger, St Vincent's had 16 bedspaces across 4 properties. By the end of the financial year the St Vincent service had 17 bedspaces with a commitment to move to 25 bedspaces across 5 properties.

In Bath we opened additional private rented accommodation and in Wiltshire we were pleased to work with the County Council to deliver a contract to assess local provision and need.

Activity supporting people fleeing domestic violence has grown during the year with additional staffing and the creation of a new Criminal Justice residential service supporting women.

Social Enterprise continues to thrive with the Bath Bike Workshop growing in 2013/14, achieving financial viability and paving the way for the second bike workshop to open in the coming financial year.

Part of Julian House's approach to improve financial sustainability is to spread financial income over several areas to avoid dependency on one single area. Progress was made on all fronts during the year with statutory income, charitable income and Social Enterprise (business) income growth. Income from charity shops has been particularly strong with the organisation opening two new shops in the year. Alongside this overall growth was a corresponding growth in the organisation's capacity to support vulnerable people.

**Structure, Governance & Management**

The organisation is a charitable housing society registered under the Co-operative and Community Benefit Societies Act 2014 (previously Industrial & Provident Societies Act 1965), which was first registered in 1988. The organisation is also a Registered Provider, registered with the Homes and Communities Agency.

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The objects and powers of the society are laid down in its Rules which are based on the National Housing Federation's Model Rules 2005.

The strategy and direction of the society is provided by the Board of Management and its Groups (i.e. committees) and Working Groups (i.e. time limited Committees). The implementation of the society's strategy and the provision of its day-to-day services are delegated to the Chief Executive and the Senior Management Team.

The Board has signed up to the Code of Governance for members of the National Housing Federation and seeks to abide at all times by the principles of good governance outlined in that document.

Julian House tailored its own specific Code of Governance in 2005 based on the NHF's Competence & Accountability 2004 (Code of Governance for members of the National Housing Federation) and in line with the flexibility offered in paragraph A1 of the Code. The Julian House Code explicitly states how the NHF Code has been interpreted and implemented within Julian House. This Code of Governance is incorporated into the organisation's constitution.

At 31 March 2014 there were 13 members, each of whom held a single £1 share. This is the limit of their liability should the society be wound up.

Julian House has one subsidiary, Julian House Trading Limited (JHT). JHT is a company limited by shares, which are all held by Julian House. Since April 2011 JHT has operated as a social enterprise which offers employment and training opportunities to disadvantaged individuals. Any profits are to be used to further the aims of Julian House. The JHT Board of Management includes two members of the JH Board of Management, Barry Hughes (Chair of JHT) and Christine Tuckerman.

**Policy for admitting and removing shareholders**

The Julian House policy for admitting and removing shareholders is that:

- Only appointed or elected Board members may become shareholders.
- Once an appointed or elected Board member ceases to be a Board member then they cease to be a shareholder.

**Recruitment & Appointment of Board Members**

At each AGM one third of the elected Board members are required to stand down. At the last AGM Libby Gawith (LG), John Symonds (JS) and Christine Tuckerman (CT) stood down. LG and CT stood for re-election and were duly re-elected. JS did not stand for re-election.

During the year Michael Whitcroft and Ed Rowberry were appointed to the Board.

Any Board member who has been appointed by the Board since the previous AGM is also required to stand down and make themselves available for election at the next AGM. Maggie King (MK) and Michael Whitcroft were affirmed in post, but MK has since resigned for personal reasons. Declan Howlett resigned due to other commitments.

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John Symonds did not seek re-election at the end of his term of office and was thanked for the enormous contribution he made to Julian House, particularly in the area of Health & Safety where a new benchmark has been agreed to work to and an employee now has lead responsibility.

In February 2010 Julian House was registered with the Tenant Services Authority as a Registered Provider. A requirement of this registration is that there should be a maximum of 15 Board members (including co-optees). At 31st March 2014 Board membership is 13.

**Board Members' Induction & Training**

New Board members undergo a period of induction. They receive an induction pack containing details of Board and management structures, a copy of the organisation's Code of Governance and its Rules (i.e. constitution), and information on all the organisation's projects and services.

Within the first few weeks new members are briefed by each member of the Senior Management Team on the content and issues of their respective areas of responsibility and go on to visit each project and service to meet staff and Service Users. New Board members are encouraged to be trained as volunteers and to undertake some volunteer sessions in Julian House night shelter and/or day centre, in order to experience grass roots service delivery. Board members are required to sign an 'Agreement of Board Membership' to signify their understanding of their role and responsibilities as a Board member.

**Risk Management**

The Board conducts a review of the major risks to which the society is exposed. A risk register has been established and is updated at least annually. Where appropriate, systems have been established to mitigate the risks.

Internal control risks are minimised by clearly defining levels of delegated authority and by implementing systems of authorisation.

Procedures are in place to ensure compliance with the health and safety of staff, volunteers, service users and visitors. Health and safety has a high profile across the organisation with significant levels of Board, staff and service user participation.

The principal risks anticipated are the changes in future benefit rules and loss of grant funding. These are mitigated by keeping abreast of future legislation and developments and by keeping our income as diverse as possible.

**Organisational Structure**

Julian House aims to hold its Board to between 12 and 15 Board members. The Chief Executive, Finance Director and members of the Senior Management Team are in attendance at Board meetings as is an elected staff representative. No staff have voting rights, however on significant issues staff comments and views are minuted.

### **Related Parties**

In so far as it is complimentary to the society's objects, the society is guided by both local and national policy. It also strives to work in partnership with other voluntary agencies, statutory agencies and service commissioners to achieve the best overall outcomes for existing and future Service Users.

B&NES' Supporting People & Communities grants are the dominant funding for the majority of Julian House's services. Most of this funding is provided to B&NES by central government (the Department of Communities & Local Government (DCLG)).

The society plays a major role in shaping service developments affecting its Service User Group in B&NES through active participation in a wide range of statutory and voluntary sector forums.

### **Principal Funding Sources**

#### **Statutory Funding**

B&NES' Supporting People & Communities grants are the main funding for the majority of Julian House's services. Most of this funding is provided to B&NES by central government (Department of Communities & Local Government).

#### **Rent**

The second major category of income derives from rents, normally paid via housing benefit. The rent levels charged by the society reflect the costs incurred by the society in providing and managing the accommodation.

#### **Income from Non-Social Housing Activities**

Voluntary income held up well with £345k raised in the year (£329k in 12/13). The resilience of the voluntary income is due in part to the commitment of Julian House's supporters and to the diversity of the various income streams. Individual giving remains the largest strand of support but other major contributors include grant making trusts, annual events and one off initiatives such as the very successful Opera in the Park. Over and above the monetary support which the participants and donors give to these appeals/activities Julian House is also indebted to the many individuals and organisations that provide invaluable support in kind. Also worth highlighting are the many volunteers who work in the organisation's shops and play key roles in events such as the Circuit of Bath Walk.

#### **Julian House Trading Ltd (JHT)**

Bath Bike Workshop (BBW) is the largest operating arm of JHT. This is a social enterprise which refurbishes and sells second-hand bikes, cycling accessories/spare parts and also acts as the local agents for Raleigh and Dawes. In addition to the significant recycling aspect of the business BBW also offers valuable training and work experience opportunities for Julian House Service Users – skills and experience which will help them back into the job market. Profits from BBW are reinvested



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back into the business or gifted back to Julian House for its frontline projects. The inter company relationship between Julian House and Julian House Trading has been formalised with loans.

BBW performance during the period has been good with turnover increased to £148k. During 2013/14 up to 22 people per quarter had work experience at the workshop.

**Investment Policy**

Julian House retains a prudent amount in an interest bearing bank current account to cover immediate outgoings. The balances of the reserves are held in a bank and building society account paying competitive rates of interest.

**Reserves Policy**

The Julian House Reserves Policy takes into account the risks associated with its major funding streams and the predicted cash flow requirements during the year. Our future strategy is considered and funds are allocated according to our business plan for future years.

Restricted reserves are those donated, or raised, for use for a particular purpose. This year our restricted income and reserve was for the provision of training services in acupuncture from New Highway; the St Vincent's reserves from the merger, the Homeless Link Funding and the Supporting People Grants (note 16 in the accounts).

Designated reserves are unrestricted funds set aside at the discretion of the Trustees for specific purposes.

The free reserves are the unrestricted funds less the capital reserve. The capital reserve is invested in our fixed assets. Our current capital reserve is £1,168k of which £258k is restricted as it was raised specifically for the improvement of Manvers Street Hostel.

The free reserves are allocated by the Trustees as follows:

- The Revenue Reserve is held to cover any possible financial risk to Julian House and is £495k.
- The Premises Sinking Fund is money put aside for major repair and maintenance anticipated over the next year. The reserve is the anticipated spend for the following year and stands at £123k
- The New Projects Fund is being built up to allow Julian House to provide more services to homeless people in B&NES and the surrounding local authority areas. Properties for purchase, lease or rent are currently being reviewed as part of our Strategy to move into areas outside of B&NES. Funding has also been set aside to further develop our Women's Service. The new projects fund stands at £600k at the end of this financial year.

**Responsibilities of the Board of Management**

The Industrial and Provident Societies Acts 1965 requires the Board of Management to prepare financial statements for each financial year which give a true and fair view of the state of affairs of

**JULIAN HOUSE  
FINANCIAL STATEMENTS  
YEAR ENDED 31 MARCH 2014**

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Julian House and its subsidiary and the surplus or deficit for that period. In preparing these financial statements the Board of Management is required to:

- a) Select suitable accounting policies and apply them consistently;
- b) Make judgements and estimates that are reasonable and prudent;
- c) State whether applicable accounting standards and statements of recommended practice have been followed, subject to any departures disclosed and explained in the financial statements been followed, subject to any departures disclosed and explained in the financial statements;
- d) Prepare the financial statements on the going concern basis unless it is inappropriate to presume that Julian House will continue in operation.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of Julian House and enable it to ensure that the financial statements comply with the Industrial and Provident Societies Acts 1965. The Board is also responsible for safeguarding the assets of Julian House and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Auditors**

The audit services were reviewed and tendered in 2012. Bishop Fleming were appointed in 2012 and retained in 2013.

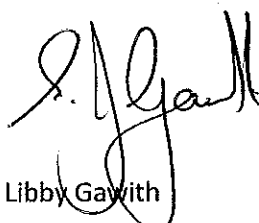
**Going concern**

The Board of Management has a reasonable expectation that Julian House has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in the financial statements.

**Post Audit Note**

Julian House Trading has been in negotiations with Aspire Community Enterprise Limited, a social enterprise that train young ex-offenders in the building trade, and a merger took place on the 1<sup>st</sup> July 2014.

Approved by the Board of Management on 15/9/14 and signed on its behalf by:-



Libby Gawith

Chair

**Independent Auditor's Report to the Members of Julian House**

We have audited the financial statements of Julian House for the year ended 31 March 2014 which comprise the Income and Expenditure Account, the Balance Sheet, 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).

This report is made solely to the society's members, as a body, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the society's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the society and the society's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of committee of management and auditor**

As explained more fully in the Statement of Board's Responsibilities (set out on page 9), the Board is responsible for the preparation of the financial statements which 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.

**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 society's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Board of Management; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Board of Management to identify material inconsistencies with the audited financial statements. 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 society's affairs as at 31 March 2014 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and with the Co-operative and Community Benefit Societies Act 2014.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 require us to report to you if, in our opinion:

- proper books of account have not been kept by the society in accordance with the requirements of the legislation;
- a satisfactory system of control over transactions has not been maintained by the society in accordance with the requirements of the legislation;
- the revenue account or the other accounts (if any) to which our report relates, and the balance sheet are not in agreement with the books of account of the society; or
- we have not obtained all the information and explanations necessary for the purposes of our audit.



*Joseph Scaife FCA (Senior Statutory Auditor)*

*For and on behalf of*

*Bishop Fleming LLP*

*Chartered Accountant and Statutory Auditors*

*16 Queen Square*

*Bristol*

*BS1 4NT*

*Date 27/9/14*

**JULIAN HOUSE  
FINANCIAL STATEMENTS  
YEAR ENDED 31 MARCH 2014**

**JULIAN HOUSE CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2014**

	Notes	2014 £	2013 £
<b>TURNOVER</b>	2a	2,362,461	2,166,785
<b>Operating Costs</b>	2a	(2,223,919)	(1,960,202)
<b>Operating Surplus/(Deficit)</b>	2a	138,542	206,583
<b>Interest Receivable and Other Similar Income</b>	6	7,816	8,817
<b>Mortgage Interest Payable and Similar Charges</b>		(4,072)	(4,257)
<b>Legacy Income</b>		364,543	10,386
<b>Surplus on Ordinary Activities before Taxation</b>		506,829	221,529
<b>Tax on Surplus on Ordinary Activities</b>	21	-	-
<b>SURPLUS (DEFICIT) FOR THE YEAR</b>		506,829	221,529

There were no other recognised surpluses or deficits other than those included in the Income and Expenditure Account for the above two financial years. The Society's merged with St Vincent's Housing and Learning (charity number 1073040) no activities were discontinued during the year.

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FINANCIAL STATEMENTS  
YEAR ENDED 31 MARCH 2014**

**JULIAN HOUSE CONSOLIDATED BALANCE SHEET AT 31 MARCH 2014**

	Note	Society		Group	
		31 Mar 2014	31 Mar 2013	31 Mar 2014	31 Mar 2013
<b>Tangible assets</b>					
Freehold and leasehold properties	7	1,265,003	1,319,951	1,265,003	1,319,951
Fixtures, fittings and equipment	8	113,843	90,785	125,987	90,785
		<b>1,378,846</b>	1,410,736	<b>1,390,992</b>	1,410,736
<b>Investments</b>					
Investment in subsidiary	9	2	2	-	-
		<b>1,378,848</b>	1,410,738	<b>1,390,992</b>	1,410,736
<b>Current assets</b>					
Debtors	10	199,598	164,578	134,610	103,255
Stock		-	-	14,877	18,461
Bank and cash balances		1,373,653	932,585	1,421,132	980,769
		<b>1,573,251</b>	1,097,163	<b>1,570,619</b>	1,102,485
<b>Creditors: amount falling due within one year</b>	11	<b>(271,506)</b>	(320,684)	<b>(287,636)</b>	(332,246)
<b>Net current assets</b>		<b>1,301,745</b>	776,479	<b>1,282,983</b>	770,239
<b>Total assets less current liabilities</b>		<b>2,680,593</b>	2,187,217	<b>2,673,975</b>	2,180,975
<b>Creditors: amount falling due after one year</b>	12	<b>202,078</b>	215,909	<b>202,078</b>	215,909
<b>Total assets less liabilities</b>		<b>2,478,515</b>	1,971,308	<b>2,471,895</b>	1,965,066
<b>Capital Reserves</b>					
Share Capital	13	13	13	13	13
Capital Reserves	14	910,323	894,586	910,323	894,586
Restricted Capital Reserve	15	257,993	294,208	257,993	294,208
Restricted Revenue Reserve	16	92,026	-	92,026	-
Free Reserve – Designated	17	723,000	297,810	723,000	297,810
Free Reserve - Revenue	17	495,160	484,691	488,540	478,449
		<b>2,478,515</b>	1,971,308	<b>2,471,895</b>	1,965,066

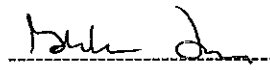
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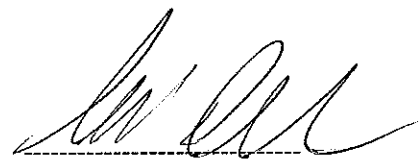
These financial statements were approved by the Board of Management at its meeting on 15<sup>th</sup> September 2014



Chair



Secretary



Board member

The accompanying accounting policies and notes form an integral part of these financial statements.

**JULIAN HOUSE  
PRINCIPAL ACCOUNTING POLICIES  
YEAR ENDED 31 MARCH 2014**

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**1. PRINCIPAL ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important policies is set out below.

**Basic of accounting**

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom financial reporting standards, the Statement of Recommended Practice: Accounting by Registered Social Landlords 2010 and with the Accounting Direction for Private Registered Providers of Social Housing 2012

The group financial statements consolidate the results of the Society and Julian House Trading Limited. As a consolidated income and expenditure account is published, a separate income and expenditure account for the parent entity is omitted from the group financial statements.

**Turnover**

Income comprises donations and grants received by the society together with income from fund-raising and trading subsidiary, exclusive of Value Added Tax where applicable. Donations and fund-raising income are recognised on a received basis. Grants and income from trading are recognised on a receivable basis.

**Voluntary help and gifts in kind**

No value has been put on the help received from Julian House's many volunteers during the year. Individual gifts in kind of significant value are valued at estimated cost to the donor at the time of the gift and included in the Income and Expenditure Account; however there are numerous small gifts that cannot be quantified.

**Legacy income:**

Legacies are recognised as income when there is entitlement, certainty of receipt and measurability of the legacy. Recognition is therefore dependent on the type of legacy, with pecuniary legacies recognised when notification is received, and residuary legacies recognised when amounts are distributed or when the final accounts under the will are agreed. Reversionary legacies are not recognised during the lifetime of the original beneficiary under the will.

**Administration costs**

Administration costs relating to provision of services have been allocated to the provision of services.

**Pension costs**

The cost of providing retirement pensions and related benefits is charged against revenue over the periods benefiting from the employee's services.



**JULIAN HOUSE  
PRINCIPAL ACCOUNTING POLICIES  
YEAR ENDED 31 MARCH 2014**

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**Stock accounting policy**

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

**Freehold and leasehold properties**

The net cost of properties, after deduction capital grants received, is written off on a straight line basis over the expected economic useful lives of the assets, at the following rates:

Freehold property	Over 50 years
Initial costs of leasehold property	Over 25 years
Major refurbishment of leasehold property	Over remaining life of lease
Subsequent improvements to freehold/leasehold property	Over 10 years

**Other fixed assets and depreciation**

Other tangible fixed assets are stated at cost less accumulated depreciation. Only items valued at more the £1,000 are capitalised. Depreciation is charged on a straight line basis over the expected economic useful lives of the assets at the following annual rates:

Fixtures and fittings	20% straight line
Office equipment and machinery	20% straight line

**Operating leases commitments**

Rentals under operating leases are charged to the income and expenditure account on a straight line basis over the lease terms. Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

**FUND ACCOUNTING**

**Capital Reserves**

Where Julian House has received grants or donations to specifically finance capital expenditure on properties, fixtures, fittings and office equipment the amount of the grant is transferred to specific Restricted Capital Reserve.

Once the reserve has been spent on purchasing an asset the Capital Reserve is written down at the same rate as the asset is depreciated.

Where other Society funds are used to purchase Fixed Assets, an equivalent value is transferred into Unrestricted Capital reserves, and written down at the same rate as the asset is depreciated

**JULIAN HOUSE  
PRINCIPAL ACCOUNTING POLICIES  
YEAR ENDED 31 MARCH 2014**

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**Other Reserves**

**Restricted reserves**

Where Julian House has received grants or donations specifically to finance revenue expenditure, the amount of the grant is transferred to a specific restricted Reserve.

**Unrestricted designated reserves**

Unrestricted designated reserves are reserves designated by the Board for specific purposes.

**Unrestricted revenue reserves**

Unrestricted funds are other incoming resources received or generated for expenditure on the general objectives of Julian House.

Working capital is retained in bank accounts.

**Taxation**

As an exempt charity, Julian House is exempt from income tax under section 505 Income and Corporation Taxes Act 1998. No liability to corporation tax arose in 2014 or in 2013.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2014**

**2. NOTES TO THE FINANCIAL STATEMENTS**

**Note 2a**

**PARTICULARS OF TURNOVER AND OPERATING COSTS**

	2014			2013		
	Turnover £	Operating costs £	Operating surplus/ (deficit) £	Turnover £	Operating costs £	Operating surplus/ (deficit) £
<b>Social Housing</b>						
<b>Lettings (note 2b)</b>	863,160	888,860	(25,700)	673,895	737,259	(63,364)
<b>Other Social Housing</b>						
<b>Activities</b>						
Supporting People	353,995	430,617	(76,622)	357,496	454,171	(96,675)
Homeless Link	95,009	110,316	(15,307)	79,961	83,905	(3,944)
Other	54,954	149,768	(94,814)	40,416	130,651	(90,235)
<b>Non-Social Housing</b>						
<b>Activities</b>						
Fundraising	344,541	117,850	226,691	329,386	133,332	196,054
Capital Appeal	-	-	-	301,518	-	301,518
Retail	350,442	255,229	95,213	259,362	173,289	86,073
Management charges	-	-	-	6,972	6,972	-
Julian House Trading	148,683	149,060	(377)	117,779	113,396	4,383
Cost of restructure	-	-	-	-	33,640	(33,640)
Other	151,677	122,219	29,458	-	93,587	(93,587)
	<b>2,362,461</b>	<b>2,223,919</b>	<b>138,542</b>	<b>2,166,785</b>	<b>1,960,202</b>	<b>206,583</b>

**JULIAN HOUSE  
NOTES TO THE FINANCIAL STATEMENTS  
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**Note 2b**

**PARTICULARS OF INCOME AND EXPENDITURE ON LETTINGS**

	2014	2013
	£	£
<b>Income from Social Housing</b>		
Rent Receivable net of identifiable service charges	845,647	711,406
Service Charges Receivable	60,913	59,762
<b>Gross Rental Income</b>	<b>906,560</b>	<b>771,168</b>
Less: Rent losses from Voids	(43,400)	(30,314)
Voids from hostel refurbishment	-	(66,959)
<b>TURNOVER FROM SOCIAL HOUSING LETTINGS</b>	<b>863,160</b>	<b>673,895</b>
<b>Expenditure on Social Housing Lettings</b>		
Rent	172,028	198,590
Management Services	358,055	153,091
Routing Maintenance	206,952	255,402
Bad Debts	44,696	26,780
Depreciation of Housing Properties	22,821	15,221
Other Costs	65,767	43,184
<b>Operating Costs on Social Housing Lettings</b>	<b>888,860</b>	<b>737,259</b>
<b>Operating (Loss) on Social Housing Lettings</b>	<b>(25,700)</b>	<b>(63,364)</b>
<b>Number of Units</b>	<b>81</b>	<b>74</b>
<b>The average assured weekly rent was:</b>	<b>204.93</b>	<b>192.53</b>

**Note 3. Operating surplus/deficit on activities**

	Notes	Society Year Ended		Group Year Ended	
		31 Mar 2014 £	31 Mar 2013 £	31 Mar 2014 £	31 Mar 2013 £
<b>The surplus/(deficit) on activities is stated after charging:</b>					
Depreciation:					
Freehold property	7	35,572	34,011	35,572	34,011
Leasehold property	7	38,392	14,787	38,392	14,787
Fixtures, fittings and equipment	8	45,865	36,196	46,335	36,196
Auditors remuneration: for audit services		9,122	7,200	9,122	7,200

**JULIAN HOUSE  
NOTES TO THE FINANCIAL STATEMENTS  
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**4. Employment**

The average number of full-time-equivalent persons employed by Julian House during the year was 48 (2013 43).

	Society		Group	
	Year Ended		Year Ended	
	31 Mar	31 Mar	31 Mar	31 Mar
Staff costs during the year were:	2014	2013	2014	2013
	£	£	£	£
Wages and salaries	1,059,960	986,288	1,117,791	1,036,187
Social security costs	86,544	80,629	91,573	82,768
Pension costs	18,054	19,522	18,054	19,522
	<b>1,164,558</b>	<b>1,086,439</b>	<b>1,227,418</b>	<b>1,138,477</b>

**5. Chief Executive's and Directors emoluments and interest**

*Non-executive directors (elected members of the Board of Management)*

In accordance with Board policy non-executive directors did not receive any emoluments (2013 £nil). No expenses were paid to non-executive directors (2013 £ nil).

*Chief Executive*

The Chief Executive's remuneration, who is co-opted to the Board, was £53,662 (2013 £53,000) including pension contributions of £3,037 (2013 £3,000). The Chief Executive is a member of the Social Housing Pension Scheme administered by The Pensions Trust.

The additional liable pension contribution for a previous director at 31 March 2014 is £7,853.

**6. Interest receivable and similar income**

	Society		Group	
	Year Ended		Year Ended	
	31 Mar	31 Mar	31 Mar	31 Mar
	2014	2013	2014	2013
	£	£	£	£
Interest received on cash balances	7,816	8,817	7,816	8,817
Interest received on Julian House Trading Loan	330	-	-	-
	<b>8,146</b>	<b>8,817</b>	<b>7,816</b>	<b>8,817</b>

**JULIAN HOUSE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**7. Tangible fixed assets**

**Freehold and leasehold properties**

Julian House owns the freehold to the Head Office in New King Street and two properties in Corn Street (9 bed residence). Julian House leases the two shops and several accommodation projects.

<b>a. Society</b>	<b>Head Office Freehold Property</b>	<b>Freehold Property</b>	<b>Leasehold Property</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost</b>				
<b>At the beginning of the year</b>	280,770	801,313	857,323	1,939,406
<b>Transfer between classes</b>	136,473	(136,473)	-	-
<b>Additions during the year</b>	528	17,440	1,048	19,016
<b>At the end of the year</b>	417,771	682,280	858,371	1,958,422
<b>Capital Grants</b>				
<b>At the beginning of the year</b>	-	-	222,400	222,400
<b>Additions during the year</b>	-	-	-	-
<b>At the end of the year</b>	-	-	222,400	222,400
<b>Depreciation</b>				
<b>At the beginning of the year</b>	86,493	162,940	147,622	397,055
<b>Additions during the year</b>	19,751	15,821	38,392	73,964
<b>At the end of the year</b>	106,244	178,761	183,014	471,019
<b>Net Book Value</b>				
<b>At the beginning of the year</b>	194,277	638,373	487,301	1,319,951
<b>At the end of the year</b>	311,527	503,519	449,957	1,265,003

**JULIAN HOUSE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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<b>b. Group</b>	<b>Head Office</b>	<b>Freehold</b>	<b>Leasehold</b>	<b>Total</b>
	<b>Freehold</b>	<b>Property</b>	<b>Property</b>	
	<b>Property</b>	<b>Property</b>	<b>Property</b>	<b>£</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost</b>				
At the beginning of the year	280,770	801,313	857,323	1,939,406
Transfer between classes	136,473	(136,473)	-	-
Additions during the year	528	17,440	1,048	19,016
<b>At the end of the year</b>	<b>417,771</b>	<b>682,280</b>	<b>858,371</b>	<b>1,958,422</b>
<b>Capital Grants</b>				
At the beginning of the year	-	-	222,400	222,400
Additions during the year	-	-	-	-
<b>At the end of the year</b>	<b>-</b>	<b>-</b>	<b>222,400</b>	<b>222,400</b>
<b>Depreciation</b>				
At the beginning of the year	86,493	162,940	147,622	397,055
Additions during the year	19,751	15,821	38,392	73,964
<b>At the end of the year</b>	<b>106,244</b>	<b>178,761</b>	<b>186,014</b>	<b>471,019</b>
<b>Net Book Value</b>				
At the beginning of the year	194,277	638,373	487,301	1,319,951
<b>At the end of the year</b>	<b>311,527</b>	<b>503,519</b>	<b>449,957</b>	<b>1,265,003</b>

**JULIAN HOUSE  
NOTES TO THE FINANCIAL STATEMENTS  
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**8. Fixtures, fittings and equipment**

**a. Society**

	Fixtures and fittings £	Office Equipment £	Total £
<b>Cost</b>			
At the beginning of the year	103,414	129,885	233,299
Additions during the year	68,923	-	68,923
At the end of the year	<u>172,337</u>	<u>129,885</u>	<u>302,222</u>
<b>Depreciation</b>			
At the beginning of the year	54,110	88,404	142,514
Additions during the year	20,618	25,247	45,865
At the end of the year	<u>74,728</u>	<u>113,651</u>	<u>188,379</u>
<b>Net Book Value</b>			
At the beginning of the year	<u>49,304</u>	<u>41,481</u>	<u>90,785</u>
At the end of the year	<u>97,609</u>	<u>16,234</u>	<u>113,843</u>

**b. Group**

	Fixtures and fittings £	Office Equipment £	Total £
<b>Cost</b>			
At the beginning of the year	113,303	129,885	243,188
Additions during the year	80,502	7,035	87,537
At the end of the year	<u>193,805</u>	<u>136,920</u>	<u>330,725</u>
<b>Capital Grants</b>			
At the beginning of the year	9,889	-	9,889
Additions during the year	6,000	-	6,000
At the end of the year	<u>15,889</u>	<u>-</u>	<u>15,889</u>
<b>Depreciation</b>			
At the beginning of the year	54,110	88,404	142,514
Additions during the year	21,088	25,247	46,335
At the end of the year	<u>75,198</u>	<u>113,651</u>	<u>188,849</u>
<b>Net Book Value</b>			
At the beginning of the year	<u>49,304</u>	<u>41,481</u>	<u>90,785</u>
At the end of the year	<u>102,718</u>	<u>23,269</u>	<u>125,987</u>



**JULIAN HOUSE**  
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**9. Investment in Subsidiary -Julian House Trading Ltd**

Julian House owns 100% of the share capital of Julian House Trading Ltd. The share capital is £2.

Julian House Trading Ltd is a private limited company, incorporated in England, trading as Bath Bike Workshop, a social enterprise selling refurbished bicycles and Bath Soup Company.

The company's financial statements for the year ended 31 March 2014 show the following:

	Year Ended	
	31 Mar 2014 £	31 Mar 2013 £
Turnover	148,683	117,779
Cost of Sales	(51,034)	(27,668)
Other Operating Costs	(97,696)	(78,757)
Management charge made by Julian House	-	(6,972)
Interest Paid to Julian House	(330)	-
	<b>(377)</b>	<b>4,382</b>

**10. Debtors**

	Society Year Ended		Group Year Ended	
	31 Mar 2014 £	31 Mar 2013 £	31 Mar 2014 £	31 Mar 2013 £
Loan to Subsidiary	66,000	-	-	-
Amounts due from subsidiary	6,179	64,342	-	-
Arrears of Housing Benefit	34,903	34,733	34,903	34,733
VAT	-	-	4,931	-
Accrued Building Society Interest	4,383	825	4,383	825
Other debtors and prepayments	88,133	64,678	90,393	67,697
	<b>199,598</b>	<b>164,578</b>	<b>134,610</b>	<b>103,255</b>

The loan to the Subsidiary is for longer than one year

**JULIAN HOUSE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**11. Creditors amounts falling due within one year**

	Society		Group	
	Year Ended		Year Ended	
	31 Mar	31 Mar	31 Mar	31 Mar
	2014	2013	2014	2013
	£	£	£	£
Deferred income	<b>90,270</b>	76,374	<b>90,270</b>	76,374
Other Taxes and social Security Costs	<b>34,244</b>	24,333	<b>34,244</b>	24,333
VAT	-	-	-	1,106
Other creditors and accruals	<b>133,428</b>	206,413	<b>149,558</b>	216,869
Mortgage account	<b>13,564</b>	13,564	<b>13,564</b>	13,564
	<b>271,506</b>	320,684	<b>287,636</b>	332,246

**12. Creditors amounts falling due after one year**

Julian House took out this mortgage in 2007 with the Bank of Scotland to facilitate the purchase of the Corn Street properties, which form the security for the mortgage. Interest on the mortgage is charged at 1.3% above bank base rate.

	£
<b>Amount repayable between 1 and 2 years</b>	<b>13,564</b>
<b>Amount repayable between 2 and 5 years</b>	<b>40,692</b>
<b>Amount repayable after 5 years</b>	<b>147,822</b>

**13. Share capital**

Allotted, issued and fully paid: 13 ordinary shares of £1 each (2013 £13)

Shares in Julian House are neither redeemable nor transferable, carry no right to interest, dividend or bonus, and do not entitle the owner to participate in the company's assets other than to the extent of the nominal value. Each member holds one share only in Julian House.

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**14. Capital Reserve Unrestricted**

	Freehold	Leasehold	Fixtures and Fittings	Office Equipment	Total
	£	£	£	£	£
Balance brought forward	607,707	196,094	49,305	41,480	894,586
Transfer to Reserves	17,968	1,048	74,502	-	93,518
Transfer from Reserves	(26,269)	(5,177)	(21,088)	(25,247)	(77,781)
	(8,301)	(4,129)	53,414	(25,247)	15,737
Balance carried forward	599,406	191,965	102,719	16,233	910,323

**15. Capital Reserves Restricted**

	Freehold	Leasehold	Fixtures and Fittings	Office Equipment	Total
	£	£	£	£	£
Balance brought forward	-	294,208	-	-	294,208
Transfer to Reserves	-	-	-	-	-
Transfer from Reserves	-	(36,215)	-	-	(36,215)
	-	(36,215)	-	-	(36,215)
Balance carried forward	-	257,993	-	-	257,993

Capital Reserves represent Society funds used to purchase Fixed Assets. Depreciation charged against these Fixed Assets reduces the relevant Capital Reserve, so that the net book value of the asset is fully matched by Capital Reserves.

**16. Restricted Revenue Reserve**

	St Vincent's	New Highway	Homeless Link Fund	Supporting People Grant	Total
	£	£	£	£	£
Income/ brought in	44,174	80,000	95,009	353,996	573,179
Expenditure	(31,146)	(1,002)	(95,009)	(353,996)	(481,153)
	13,028	78,998	-	-	92,026

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NOTES TO THE FINANCIAL STATEMENTS  
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**a. St Vincent's**

St Vincent's and Julian House merged in September 2013 where St Vincent's reserves were transferred in to Julian House's Balance Sheet. The value of the transfer was £44,174 of which £31,147 has been spent on activities at St Vincent's since . It is anticipated that the remaining £13,028 will be spent over the year. St Vincent's is now fully integrated into Julian House and will be treated as any other cost centre.

**b. New Highway**

In October 2013 New Highway awarded £80,000 to Julian House as a restricted fund to provide training services in acupuncture and related areas for those suffering from drug and alcohol misuse in line with New Highway's charitable objectives.

**c. Homeless Link Fund**

This grant is provided by Homeless Link and is restricted to be used to develop an outreach team and provide support to rough sleepers, to enable their use of crisis accommodation, whilst enabling them to make positive lifestyle changes.

Not the entire grant was spent during the year, so some has been deferred to use next year. Julian House actually received £95,680 in the year ending 31 March 2013 but, based on the terms of the grant £41,273 has been treated as deferred income in note 11.

**d. Supporting People Grant**

The Supporting People grant is restricted to be used for specific purposes as per a contract and KPIs. This grant is in place to enable Julian House to support our various projects as shown in the Board of Management Report. Around 14 days of this payment is deferred as shown in deferred income note 11. This is due to the payment schedule where payment is received mid month.

**17. Other Free Reserves**

	Undesignated Reserves	Designated Reserves		Total
		Revenue Reserve	Premises sinking fund	
		£	£	£
<b>Balance brought forward</b>	484,691	82,201	215,609	<b>782,501</b>
<b>Transfer to Reserves</b>	506,829	40,799	384,391	<b>932,016</b>
<b>Transfer from Reserves</b>	(496,357)	-	-	<b>(496,357)</b>
	10,469	40,799	384,391	<b>435,659</b>
<b>Balances carried forward</b>	<b>495,160</b>	<b>123,000</b>	<b>600,000</b>	<b>1,218,160</b>

**JULIAN HOUSE  
NOTES TO THE FINANCIAL STATEMENTS  
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**The Revenue Reserve**

The Revenue Reserve is held to cover any possible financial risk for Julian House

**a. The Designated Reverses**

**Premises Sinking Fund**

Premises sinking fund is money put aside for major repair and maintenance anticipated over the next year. The reserve is the anticipated spend for the following year

**New Projects Fund**

The New Projects Fund is being built up to allow Julian House to provide more services to homeless people in B&NES and the surrounding areas. Properties for purchase, lease or rent are currently being reviewed as part of our Strategy to move in to areas outside Bath. Funding has also been set aside to further develop our Women's Services.

**18. Capital Commitments**

Julian House does not have any capital commitments at 31 March 2014 (none at 31 March 2013)

**19. Contingent Liabilities**

Other than the Pension liabilities (described in note 23), there are no contingent liabilities at 31 March 2014 (none at 31 March 2013).

**20. Operating Lease commitments**

At 31 March the Group had annual commitments under non-cancellable operating leases as follows:

<b>EXPIRY DATE:</b>	<b>Land and buildings</b>	
	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
<b>Within 1 year</b>	<b>103,082</b>	<b>25,969</b>
<b>Between 2 and 5 years</b>	<b>113,625</b>	<b>140,944</b>
<b>After more than 5 years</b>	<b>85,567</b>	<b>80,500</b>

The value of commitment is the value of the rent payable during the shortest notice period that the society has to give and the ageing is based on when the lease term expires.

**21. Tax on surplus on Ordinary Activities**

As an exempt charity, Julian House is exempt from income tax under section 505 Income and Corporation Taxes Act 1998. No liability to corporation tax arose in 2014 or in 2013.

## **22. Transactions with directors (non-executive Board members) and other related parties**

A Board member, Jonathan O'Shea, is Chief Executive of St John's Hospital which is the owner of one of the properties that Julian House leases. This lease is run at arms length and within normal commercial terms.

There were no other transactions with related parties during the year.

## **23. Pension Obligations**

A full description of Julian House's pension obligation can be found in Note a. Note b details the potential contingent liability in respect of both schemes.

Some employees contribute to other pension funds. In total the pension charge of £ 18,054 (2013 £19,522) represents contribution payable to the funds; there was £ 2,458 outstanding at the year end (2013 £4,875)

### **Pension disclosure**

#### **Pension Trust**

Julian House participates in The Pensions Trust's Growth Plan (the Plan). The Plan is funded and is not contracted-out of the State scheme. The Plan is a multi-employer pension plan.

Contributions paid into the Plan up to and including September 2001 were converted to defined amounts of pension payable from Normal Retirement Date. From October 2001 contributions were invested in personal funds which have a capital guarantee and which are converted to pension on retirement, either within the Plan or by the purchase of an annuity.

The rules of the Plan allow for the declaration of bonuses and/or investment credits if this is within the financial capacity of the Plan assessed on a prudent basis. Bonuses/investment credits are not guaranteed and are declared at the discretion of the Plan's Trustee.

The Trustee commissions an actuarial valuation of the Plan every three years. The purpose of the actuarial valuation is to determine the funding position of the Plan by comparing the assets with the past service liabilities as at the valuation date. Asset values are calculated by reference to market levels. Accrued past service liabilities are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

The rules of the Plan give the Trustee the power to require employers to pay additional contributions in order to ensure that the statutory funding objective under the Pensions Act 2004 is met. The statutory funding objective is that a pension scheme should have sufficient assets to meet its past service liabilities, known as Technical Provisions.

If the actuarial valuation reveals a deficit, the Trustee will agree a recovery plan to eliminate the deficit over a specified period of time either by way of additional contributions from employers, investment returns or a combination of these.

**JULIAN HOUSE  
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The rules of the Plan state that the proportion of obligatory contributions to be borne by the member and the member's employer shall be determined by agreement between them. Such agreement shall require the employer to pay part of such contributions and may provide that the employer shall pay the whole of them.

Julian House paid contributions up to the rate of 6% during the accounting period. Members paid contributions up to the rate of 6% during the accounting period.<sup>1</sup>

As at the balance sheet date there were one active members of the Plan. Julian House has closed the Plan to new entrants.

It is not possible in the normal course of events to identify on a reasonable and consistent basis the share of underlying assets and liabilities belonging to individual participating employers. The Plan is a multi-employer scheme, where the assets are co-mingled for investment purposes, and benefits are paid out of the Plan's total assets. Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS17 represents the employer contribution payable.

The valuation results at 30 September 2011 were completed in 2012 and have been formalised. The valuation of the Plan was performed by a professionally qualified Actuary using the Projected Unit Method. The market value of the Plan's assets at the valuation date was £780 million and the Plan's Technical Provisions (i.e. past service liabilities) were £928 million. The valuation therefore, revealed a shortfall of assets compared with the value of liabilities of £148 million, equivalent to a funding level of 84%.

The financial assumptions underlying the valuation as at 30 September 2011 were as follows:

	% p.a.
Rate of return pre retirement	4.9
Rate of return post retirement:	
Active/Deferred	4.2
Pensioners	4.2
Bonuses on accrued benefits	0.0
Inflation: Retail Prices Index (RPI)	2.9
Inflation: Consumer Prices Index (CPI)	2.4

In determining the investment return assumptions the Trustee considered advice from the Scheme Actuary relating to the probability of achieving particular levels of investment return. The Trustee

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has incorporated an element of prudence into the pre and post retirement investment return assumptions; such that there is a 60% expectation that the return will be in excess of that assumed and a 40% chance that the return will be lower than that assumed over the next 10 years.

The Scheme Actuary has prepared a funding position update as at 30 September 2013. The market value of the Plan's assets at that date was £772 million and the Plan's Technical Provisions (i.e. past service liabilities) was £927 million. The update, therefore, revealed a shortfall of assets compared with the value of liabilities of £155 million, equivalent to a funding level of 83%.

If an actuarial valuation reveals a shortfall of assets compared to liabilities, the Trustee must prepare a recovery plan setting out the steps to be taken to make up the shortfall.

The Pensions Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and/or recovery plan are inappropriate. For example, the Regulator could require that the Trustee strengthens the actuarial assumptions (which would increase the Plan liabilities and hence impact on the recovery plan) or impose a schedule of contributions on the Plan (which would effectively amend the terms of the recovery plan). A copy of the recovery plan in respect of the September 2011 valuation was forwarded to The Pensions Regulator on 2 October 2012, as is required by legislation.

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Plan and The Pensions Act 2011 has more recently altered the definition of Series 3 of the Growth Plan so that a liability arises to employers from membership of any Series except Series 4. The debt is due in the event of the employer ceasing to participate in the Plan or the Plan winding up.

The debt for the Plan as a whole is calculated by comparing the liabilities for the Plan (calculated on a buy-out basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Plan. If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Plan's liability attributable to employment with the leaving employer compared to the total amount of the Plan's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Plan liabilities, Plan investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. Therefore, the amounts of debt can be volatile over time.

When an employer withdraws from a multi-employer defined benefit pension scheme which is in deficit, the employer is required by law to pay its share of the deficit, calculated on a statutory basis (known as the buy-out basis). Due to a change in the definition of money purchase contained in the Pensions Act 2011 the calculation basis that applies to the Growth Plan will be amended to include Series 3 liabilities in the calculation of an employer's debt on withdrawal.



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The Pensions Act 2011 also proposed regulations which will make “consequential or transitional provisions to avoid adverse consequences”. Should an employer withdraw prior to the regulations coming into force (expected to be at the end of July 2014), they should contact The Pensions Trust to check whether the regulations could affect their debt on withdrawal calculation.

The Growth Plan is a “last man standing” multi-employer scheme. This means that if a withdrawing employer is unable to pay its debt on withdrawal the liability is shared amongst the remaining employers. The participating employers are therefore, jointly and severally liable for the deficit in the Growth Plan. As at 30 September 2013 the total deficit calculated on the buy-out basis was £219.9m.

Potential employer debt is treated as a contingent liability

Julian House has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the Plan based on the financial position of the Plan as at 30 September 2013. As of this date the estimated employer debt for 31 March 2014 was £9,807.09

**Social Housing Pension Scheme**

Julian House participates in the Social Housing Pension Scheme (the Scheme). The Scheme is funded and is contracted-out of the State Pension scheme.

It is not possible in the normal course of events to identify on a consistent and reasonable basis the share of underlying assets and liabilities belonging to individual participating employers. This is because the Scheme is a multi-employer scheme where the Scheme assets are co-mingled for investment purposes, and benefits are paid from total Scheme assets. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS17 represents the employer contribution payable.

The Trustee commissions an actuarial valuation of the Scheme every three years. The main purpose of the valuation is to determine the financial position of the Scheme in order to address the level of future contributions required so that the Scheme can meet its pension obligations as they fall due.

The last formal valuation of the Scheme was performed as at 30 September 2011 by a professionally qualified Actuary using the Projected Unit Method. The market value of the Scheme’s assets at the valuation date was £2,062 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £1,035 million, equivalent to a past service funding level of 67.0%.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2012. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The market value of the Scheme’s assets at the date of the Actuarial Report was £2,327 million. The Actuarial Report revealed a shortfall of assets compared with the value of liabilities of £1,241 million, equivalent to a past service funding level of 65%.

Potential employer debt is treated as a contingent liability

**JULIAN HOUSE  
NOTES TO THE FINANCIAL STATEMENTS  
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The amount of debt can be volatile over time as described above, for the purpose of the accounts the September valuation has been increased by 3% as suggested in the annual update from the Pension Trust. The below is therefore an approximation of the debt on withdrawal as at 31 March 2013

**Pension Trust**

Julian House has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the Plan based on the financial position of the Plan as at 30 September 2013. As of this date the estimated employer debt for 31 March 2013 is £9,807 (30 September 2013 £12,163) this amount is not due, but would become due if Julian House were to withdraw from the scheme.

**Social Housing Pension Scheme**

Julian House has been notified by Social Housing Pension Scheme of the estimated employer debt on withdrawal from the Plan based on the financial position of the Plan as at 30 September 2013. As of this date the estimated employer debt for 31 March 2014 is £318,794 (31 March 2013 £332,809) this amount is not due, but would become due if Julian House were to withdraw from the scheme.