

Company's registered number: 148636
Registered Charity number: 207939
Homes and Communities Agency number: A3418

SIR OSWALD STOLL FOUNDATION

**Report and financial statements
for the year ended:**

31 March 2017

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TRUSTEES AND ADVISERS

President	Field Marshall Lord Walker of Aldringham GCB CMG CBE DL
Trustees	Air Commodore Andy Fryer BA (Hons) RAF (Chair) Patrick Aylmer FCA Colonel John Burgess (resigned 9 June 2016) Shaun Cooper FCMA Gordon Hamilton MA FCA Diana Hodson BA (Hons) CIH Commander Clare Hughes RNR (Ret) John Tomalin Simon Philips Uta Hope Brigadier David Godsall MBE DL Roger Shrimplin George Thornton
Registered office	The Sir Oswald Stoll Mansions 446 Fulham Road London SW6 1DT
Bankers	National Westminster Bank Fulham Broadway London SW6 1AG
Auditor	Nexia Smith & Williamson Statutory Auditor Chartered Accountants 25 Moorgate London EC2R 6AY
Solicitors	Devonshire's Solicitors 30 Finsbury Circus London EC2M 7DT
Company's registered number	148636
Registered charity number	207939
Homes and Communities Agency number	A3418

SIR OSWALD STOLL FOUNDATION

TRUSTEES' REPORT

The Board of Trustees has pleasure in presenting its report and the financial statements of the Sir Oswald Stoll Foundation (Stoll) for the year ended 31 March 2017.

Public Benefit disclosures

During the year ended 31 March 2017, Stoll continued to undertake activities necessary to meet its objectives, which relate to the provision and management of housing and support for the benefit of vulnerable and disabled former members of Her Majesty's Armed Forces, or their dependents.

The Trustees have complied with their duty to have regard to the Charity Commission's guidance on the provision of public benefit.

Objectives and Principal Activities

Stoll is a charitable company and registered provider of social housing established to provide housing and support primarily to vulnerable and disabled ex-servicemen and women. Its principal activity therefore, is the provision and management of housing and the accompanying support services to enable tenants and other veterans in the wider community to live independently. The governing instrument is the Memorandum and Articles of Association (last reviewed 13th November 2014).

Stoll's housing comprises an estate of 157 homes and communal facilities in Fulham, 4 townhouses, 20 homes at Banstead Court (formerly Westway Beacons) in Acton, 36 homes managed on behalf of its subsidiary charity the Chiswick War Memorial Homes for whom the Sir Oswald Stoll Foundation acts as sole Trustee and 36 state-of-the-art supported housing units in Hounslow in a scheme entitled The Countess of Wessex House. We are currently developing 34 new homes in Aldershot.

The comprehensive support services Stoll provides to Veterans living in its tenancies are funded solely through charitable donations. This is because all statutory funding was stopped in 2013 and Stoll makes very little surplus from its rents due to an ongoing commitment to keep rents as low as possible (to ensure that any Veteran who wishes and is able to return to work is better off in doing so). At the same time we remain committed to providing an exceptionally high level of service to tenants. The support services we offer enable Stoll to house tenants with increasingly complex problems. This service has been enhanced by the many positive working relations that the team has built with partners in the NHS and voluntary sector who provide their specialist services to Veterans.

Stoll also operates a number of community services. These include an Outreach support service for vulnerable and disabled ex-Service personnel across London, offering the same support service that is available to residents, but delivered by going out into the community instead. The Outreach service has specialisms in working with Wounded, Injured and Sick Veterans and serving personnel undergoing transition. Stoll also hosts the monthly London Veterans Drop-in for Veterans and Veterans organisations from across London to come together and network and offer a wide variety of support services to an average of 30 Veterans at each session. Stoll offers a broad range of health and wellbeing activities, providing training, confidence-building and considerable wider benefits; last year there were over 12,000 attendees at a wellbeing activity by one of our beneficiaries. Finally our Veterans' Nomination Scheme goes from strength to strength and since its inception in 2011 has housed over 300 Veterans into social housing.

SIR OSWALD STOLL FOUNDATION

TRUSTEES' REPORT (continued)

2016/17 saw the completion of the second year of our five year strategy (2015-2020). Stoll now works towards four strategic objectives and progress under each one is listed underneath:

1. Maximise the Independence of our Existing Beneficiaries through the Provision of excellent Support and Accommodation Services:

- We launched an embedded employment mentor within our support team, funded by Walking with the Wounded and employed by RFEA.
- Launched two new posts to support our work at our satellite sites.
- Ran a 'move-on' working group to increase a culture of move-on within our properties.
- Developed a Service User Charter and improved Customer Service Policy

In terms of performance:

- Our rent arrears started the year at 4.8% and they were just lower at 4% at the end of the year. This is against a national average of 5.5% for supported housing.
- Our void turnaround had increased to 6 weeks from our excellent performance last year where it had decreased to 3.2 weeks due to voids in Ducane Road which has subsequently been sublet. The national average for supported housing is around 4 weeks.
- Effective carrying out of repairs within the deadline had improved slightly from 96% to 96.5%, against a national average of 95% within supported housing.
- Our support outcomes have continued to improve whereby at least 88% of residents achieved a positive outcome very quarter; this was up from 62% in the previous year which was very pleasing.
- 91% of residents were better able to manage their tenancy, or manage it at the same level, from the start of the year to the end. This is slightly down from last year (93%) which we believe highlights the vulnerable nature of some of our younger residents.
- There were 11,238 attendances at a training or wellbeing activity run by Stoll, up from 10,520 last year.
- 26 Veterans we supported moved into permanent work which was a great outcome.
- 61 new tenancies were set up for Veterans in general needs social housing through the Veterans Nomination Scheme. This is significantly down on the 102 achieved last year. As the delivery seemed very similar, we believe this was more to do with Housing Associations managing policy changes within the operating environment than a failure of delivery.
- 348 Veterans attended a monthly London Veterans' Drop-in session, slightly down from the 360 who attended last year.

2. Deliver Increased Levels of Veteran-Specific Supported Accommodation according to need:

- We broke ground on a new, exemplar scheme in Aldershot which is expected to provide 34 flats for vulnerable and disabled Veterans, including specialist family accommodation and disabled flats as well as training and recreation areas, and a therapeutic garden. The scheme will be open for lettings in March 2018.

3. Expand Stoll's Outreach Services to Increase our Ability to Prevent Homelessness:

- 184 new clients were seen by the Outreach service last year (up from 174 the year before) of which 70% achieved a significant step forward in at least one support area in every quarter of the year.
- 2016/17 also saw the publication of an independent report into the efficacy of an Outreach model that provided tailored support to those identified as most vulnerable going through the transition into civilian life. Of the 151 ex-Service personnel worked with through the transition pilot, 70 were able to find a suitable home.
- Stoll has now started a partnership with Help for Heroes to provide two staff who will work with Wounded, Injured or Sick veterans living in London.

SIR OSWALD STOLL FOUNDATION

TRUSTEES' REPORT (continued)

4. Contribute to a National Network of Suitable Accommodation and Support Services for Vulnerable Adults:

- We are delighted to announce that national initiative, the Veterans Housing Advice service, was launched in March 2017. Stoll led over 20 members of the Cobseo Housing Cluster on the design and sourcing of funding for the initiative (over £300,000 for three years) which will mean a bespoke telephone helpline and a website for any Veterans seeking advice around a housing issue.
- Work is nearly complete on the second phase of the research study into Veterans housing through the UK, which is exploring the types of provision that are most effective for Veterans and making recommendations.

Reserves Policy

In the light of an income risk analysis done recently and a review of committed expenditure, Stoll commits to retaining a minimum of three months operating costs (not including restricted funds) in cash reserves and commits to working towards a minimum cash reserves level of six months' operating expenditure, to be achieved by the end of the 2015-2020 strategy period. A target of increasing unrestricted cash holdings by £100k each year has been set to help achieve this.

The Board will review the Reserves Policy annually.

Investment Policy

Stoll seeks to produce the best financial return within an acceptable level of risk.

The investment objective is to generate a return in excess of inflation (RPI) per annum, after expenses whilst generating an income to support the on-going activities of the organisation.

Stoll's investment policy is reviewed annually by the Board, as is the performance of any investment advisers.

Employees

It is the policy of Stoll to give fair consideration to the employment needs of people with disabilities and to comply with current legislation and good practice in this respect. Stoll's offices are accessible to wheelchair users, as are all the buildings on its estate.

Stoll operates a policy of positive promotion of employment opportunities for job applicants and existing staff. It is also policy to advertise all vacancies through multiple channels that target Veterans.

Review of Stoll's Finances

Trustees and staff have continued to review Stoll's financial strengths and weaknesses and implement changes to improve the management of Stoll's existing and future finances. The Board are aware that cash holdings are lower than previously desired and have set a surplus target for each year of the current 5-year business plan. The aim is to ensure unrestricted cash holdings move to the Board's stated target of six months. This is especially necessary due to:

- Increased reliance on potentially volatile fundraising income.

TRUSTEES' REPORT (continued)

- The threat of a review in the way supported housing will be funded in future, the potential LHA cap and the 1% rent reduction for all Housing Associations over the next three years.

Looking further forward, the Trustees are aware of the need to secure more sustainable revenue funding streams to cover the costs of Stoll's support services in the future and this will be a focus for the Board through 2017/18 through increased Fundraising activities.

Code of Governance

Following the launch of the NHF's new Code of Governance in 2015, the Trustees carried out a comprehensive review of their own governance against the NHF's Code and made a commitment to meet all the standards in the code. This led to a 33 point action plan to ensure Stoll complied with all aspects of the Code, which will be reviewed annually.

TRUSTEES' RESPONSIBILITIES STATEMENT

The Trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare Stoll and parent company financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the Trustees 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 Stoll and of the surplus or deficit of Stoll for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006, the Housing and Regeneration Act 2008, the Accounting Direction for private registered providers of social housing 2015 and the Statement of Recommended Practice: Accounting by Registered Social Housing Providers (SORP 2014). They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud.

Internal Controls

The Board acknowledge their ultimate responsibility for ensuring that Stoll has in place a system that is appropriate to the various business environments in which it operates and for reviewing its effectiveness. These controls are designed to give reasonable assurance with respect to:

- the reliability of financial information used within Stoll or for publication;
- the maintenance of proper accounting records which disclose with reasonable accuracy at any time the financial position of Stoll; and
- the safeguarding of assets against unauthorised use or disposition.

SIR OSWALD STOLL FOUNDATION

TRUSTEES' REPORT (continued)

It is the Board's responsibility to establish and maintain systems of internal control. Such systems can only provide reasonable and not absolute assurance against material financial misstatement or loss. Key elements include ensuring that:

- Formal policies and procedures are in place, including the documentation of key systems and rules relating to the delegation of authorities, which allow the monitoring of controls and restrict the unauthorised use of Stoll's assets;
- Experienced and suitably qualified staff takes responsibility for important business functions. Annual appraisal procedures have been established to maintain standards of performance;
- Forecasts and budgets are prepared which allow the Board and management to monitor the key business risks and financial objectives, and progress towards financial plans set for the year and the medium term; regular management financial statements are prepared promptly, providing relevant, reliable and up-to-date financial and other information and significant variances from budgets are investigated as appropriate;
- All significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the committees of the Board with final authorisation by the Board itself;
- The Board reviews reports from management, from the internal audit process and from the External Auditor to provide reasonable assurance that control procedures are in place and are being followed. This includes a general review of the major risks facing Stoll. The Board has established a 3-year internal, rolling audit plan and the Internal Auditor (sourced externally) reports regularly to the Board in accordance with the requirements of this plan. Formal procedures have been established for instituting appropriate action to correct weaknesses identified from the above reports; and
- A comprehensive process of annual business planning for the organisation and each department cascading performance reporting from an organisational level reviewed by the Trustees, Trustee Committees and the Senior Management Team, to departmental and individual levels for review by supervision and appraisal.

During the financial year 2016/17:

- An Audit & Risk Committee was formed to identify and mitigate any risks Stoll might face.
- An Internal Audit was performed on the housing functions of the organisation and the controls and procedures in place and the result was rated satisfactory.

Stoll is aware the recent events at Grenfell Tower and has reviewed all fire safety practices. Stoll does not have any blocks higher than 18m or 6 storey levels at any of the sites.

Based on the above, the Trustees have reviewed the effectiveness of the system of internal control and have therefore concluded that no weaknesses were found in internal controls that resulted in material losses, contingencies, or uncertainties that require disclosure in the financial statements or in the Auditor's report on the financial statements.

TRUSTEES' REPORT (continued)

VALUE FOR MONEY

Stoll's Business Strategy and Value for Money

Continuous improvement and embedding the principle Value for Money (VFM) is a key business strategy for the Sir Oswald Stoll Foundation.

Recent government legislation has resulted in Stoll having to reduce its rental income by 1% each year for the next 4 years. Other changes such as Universal Credit have changed the way welfare benefits are paid and budget cutbacks means there is less government funding for new homes.

Stoll's five year strategy has therefore been revised to respond to the new challenges it faces and it has become imperative that we drive the Value for money culture within the organisation.

Value for Money Principles

Our key focus remains on maximising value and focusing in particular on improving the services we provide to our residents. The key performance indicators on which our Value for Money principles are based, are monitored and reported to the Board on a quarterly basis.

Any surplus that Stoll makes in its operations is reinvested in maintaining its existing homes, building new homes and maintaining and investing in its support services.

We compare our actual performance against other similar sized housing providers to measure our efficiency and to identify where improvements can be made. Stoll is part of a benchmarking group, Small Providers Bench Marking, against which we measure ourselves in terms of other housing associations.

Investment in Existing Homes

	Actual Achieved	Target	SPBM
Emergency Repairs completed on time	100%	98.5%	100%
Urgent & Routine Repairs completed on time	96.5%	95%	97%
Homes with a valid gas servicing certificate	100%	100%	96%

Repair completion times and satisfaction levels were good this year and exceeded our targets. We continued our Planned Maintenance Programme in 2016/2017 which included our ongoing kitchen, bathroom and heating upgrade refurbishment at the Mansions site and car park repairs at Chiswick War Memorial Homes.

Delivery of excellent Customer Service

	Actual Achieved	Target	SPBM
Residents satisfied with overall service	100%	85%	90%
Residents satisfied we took their views into account	74%	77%	77%
Residents satisfied with Repairs service	90%	80%	80%

Overall satisfaction levels increased significantly in 2016/2017 across all satisfaction measures. Stoll continues to seek customer feedback about its services to ensure that it is providing a quality 'Value for Money' service.

SIR OSWALD STOLL FOUNDATION

TRUSTEES' REPORT (continued)

Lettings

	Actual Achieved	Target	Similar HAs
Average number of days to relet homes	36 days	26 days	28 days

The re-let target has proved challenging this year due to a number of issues including voids at Ducane Road which has subsequently been sublet, a small number of refusals of smaller properties and the temporary unavailability of our decorating contractor.

Developing an efficient organisation

	Actual Achieved	Target	Similar HAs
Rent arrears of current tenants	3.97%	5%	4.94%

Although the impact of Universal Credit is beginning to affect our arrears performance, our end of year position is still favourable within the supported housing sector. Rent is Stoll's primary source of income, so we encourage our tenants to pay on time every month. We have implemented several initiatives to mitigate the risk of increasing rent arrears. For example by restructuring the housing department so that there is a dedicated member of staff working on rent arrears and the introduction of online rent statements, this will further create an early warning indicator for rent arrears.

Other Value for Money Achievements in 2016/17

Development of New Homes

Stoll began building 34 new homes in Aldershot in 2016/17, with the scheme due to open in Spring 2018.

Implementation of a new Housing Database.

- 2016/17 saw the implementation of our new Housing database at Stoll.

Omniledger is an essential Value for Money tool that will help Stoll:

- handle day-to-day responsive repairs more efficiently;
- improve cyclical maintenance by initiating triggers for overdue or late inspections quickly;
- provide forecasts of expected expenditure for Planned Maintenance;
- help reduce void turnaround time;
- distinguish between high and low rent arrears and tenant & personal arrears to improve cash flow; and
- improve overall decision making with better reports from improved Rent Accounting practice

Value for money in the next financial year

Value for money and Continuous Improvement are ongoing strategies across the whole organisation. In the coming year we intend to place emphasis on:

- Increased fundraising income to subsidise the support service we provide to our tenants. This will ensure we provide even more services to our residents, maximising the benefit to our beneficiaries at no extra cost;
- Continue to embed the implementation of Omniledger making it easier for our tenants to view statements, pay rent online etc.;
- Reviewing processes across the organization to improve effectiveness;
- Improve our Procurement processes by better buying; and
- Continue the process of contractor and legal services review.

SIR OSWALD STOLL FOUNDATION

TRUSTEES' REPORT (continued)

Disclosure of information to the auditors

In the case of each person who was a trustee at the time this report was approved:

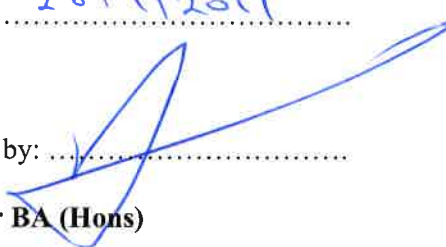
- so far as that Trustee was aware there was no relevant available information of which Stoll's auditors were unaware; and
- that Trustees have taken all steps that the director ought to have taken as a trustee to make him or her aware of any relevant audit information and to establish that Stoll's auditors were aware of that information.

This confirmation is given and should be interpreted in accordance with the provision of s418 of the Companies Act 2006.

Auditors

During the year Nexia Smith & Williamson acted as External Auditor to Stoll and a resolution to re-appoint them will be put to the Annual General Meeting.

Approved by the Board on 28/9/2017

Signed on behalf of the Board by: 

Air Commodore Andy Fryer BA (Hons)
(Chair)

Registered Address:

446 Fulham Road
London
SW6 1DT

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF SIR
OSWALD STOLL FOUNDATION**

We have audited the financial statements of Sir Oswald Stoll Foundation for the year ended 31 March 2017 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Reserves, the Statement of Cash Flows, Notes to the Cash Flows and the related notes 1 to 25. 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 FRS 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to Stoll'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 Stoll'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 Stoll and Stoll's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the board and the auditor

As explained more fully in the Statement of the Trustee's Responsibilities set out on page 6, the Trustees (who are also directors of the charitable company for the purposes of company law) are responsible for the preparation of 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 (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of Stoll's affairs as at 31 March 2017 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
- have been properly prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011; and
- have been properly prepared in accordance with the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015.

Opinion on other matter prescribed by the Companies Act 2006

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF SIR
OSWALD STOLL FOUNDATION (continued)**

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, the Charities Act 2011, the Housing and Regeneration Act 2008, and The Accounting Direction for Private Registered Providers of Social Housing 2015 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or
- Stoll has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we need for our audit.



Jonathan Pryor
Senior Statutory Auditor, for and on behalf of
Nexia Smith & Williamson
Statutory Auditor
Chartered Accountants

25 Moorgate
London
EC2R 6AY

Date: 29 September 2017

SIR OSWALD STOLL FOUNDATION

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 March 2017

	Notes	2017 £	2016 £
Turnover	2a	3,652,738	3,614,242
Operating expenditure	2a	3,383,118	3,415,524
Operating surplus	2a	269,620	198,718
Interest receivable and similar income	6	28,531	35,467
Interest payable and similar charges	7	(177,183)	(204,204)
Surplus for the financial year	8	120,968	29,981
Other comprehensive income		-	-
Total comprehensive income for the financial year		120,968	29,981

All of Stoll's operations are classed as continuing.

Charity Registered Number: 207939

Companies Registered Number: 148636

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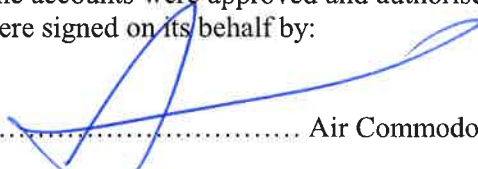
The notes on pages 17 to 40 form part of these financial statements.

SIR OSWALD STOLL FOUNDATION

STATEMENT OF FINANCIAL POSITION AS AT 31 March 2017

	Notes	2017	2016
		£	£
Fixed assets			
Tangible fixed assets – housing properties	9	28,917,050	27,378,751
Tangible fixed assets – other	10	306,988	321,763
		29,224,038	27,700,514
Current assets			
Debtors	11	229,923	300,318
Cash at bank and in hand			
- held for development		3,860,924	2,800,885
- other		605,841	472,529
		4,696,688	3,573,732
Creditors: amounts falling due within one year	12	(1,683,880)	(1,502,819)
Net current assets		3,012,808	2,070,913
Total assets less current liabilities		32,236,846	29,771,427
Creditors: falling due after more than one year	13	(28,203,820)	(25,859,369)
Total net assets		4,033,026	3,912,058
Reserves			
Restricted reserves	23	242,627	68,521
Development reserve		1,595,000	-
Unrestricted reserves			
- invested in housing properties		2,001,313	3,179,567
- un-designated		179,926	649,810
		4,018,866	3,897,898
Investment revaluation reserve	17	14,160	14,160
		4,033,026	3,912,058

The accounts were approved and authorised for issue by the Board of Trustees on and were signed on its behalf by:

 28/09/2017
 Air Commodore Andy Fryer BA (Hons) RAF (Chair of Trustees)

The notes on pages 17 to 40 form part of these financial statements.

SIR OSWALD STOLL FOUNDATION

STATEMENT OF CHANGES IN RESERVES for the year ended 31 March 2017

	Invested in housing properties £	Development reserve £	Restricted funds £	Un- designated £	Investment revaluation reserve £	Total reserves £
Balance at 1st April 2015	2,886,382	-	735,917	245,618	14,160	3,882,077
Surplus for the year	29,981	-	-	-	-	29,981
Transfer between funds	263,204	-	(667,396)	404,192	-	-
Balance at 31 March 2016	3,179,567	-	68,521	649,810	14,160	3,912,058
Surplus for the year	120,968	-	-	-	-	120,968
Transfer between funds	(1,299,222)	1,595,000	174,106	(469,884)	-	-
Balance at 31 March 2017	2,001,313	1,595,000	242,627	179,926	14,160	4,033,026

The Invested in housing properties reserve is a designated reserve with the funds specifically earmarked for future investment in Stoll's housing properties.

The Development Reserve is held for costs related to our new housing scheme at Aldershot which is currently under construction (due to open in Spring 2018).

Restricted funds represents funds given to Stoll for a specific purpose or to support a project and cannot be used for any other purpose.

Undesignated funds are funds which can be used in accordance with the Memorandum and Articles at the discretion of the Trustees.

The Investment revaluation reserve represents the cumulative gains on revaluation of fixed assets held under a policy of revaluation (i.e. the paintings).

The notes on pages 17 to 40 form part of these financial statements.

SIR OSWALD STOLL FOUNDATION

STATEMENT OF CASH FLOWS for the year ended 31 March 2017

	Notes	2017 £	2016 £
Net cash generated from operating activities	A	947,316	11,807
Investing activities			
Interest received		28,531	35,467
Grants received		1,717,679	-
Purchases of tangible assets		(1,961,461)	(2,436,712)
Net cash used in from investing activities		(215,251)	(2,401,245)
Financing activities			
Repayments of borrowings		(295,531)	(371,956)
New loans		934,000	-
Interest paid		(177,183)	(197,204)
Net cash generated from financing activities		461,286	(576,160)
Net increase in cash and cash equivalents		1,193,351	(2,958,598)
Cash and cash equivalents at beginning of the year		3,273,414	6,232,012
Cash and cash equivalents at end of year	B	4,466,765	3,273,414

The notes on pages 17 to 40 form part of these financial statements

SIR OSWALD STOLL FOUNDATION

NOTES TO THE CASH FLOW STATEMENT for the year ended 31 March 2017

A RECONCILIATION OF OPERATING SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2017 £	2016 £
Surplus for the year	120,968	29,981
Loss on disposal of components	18,919	10,612
Interest payable	177,183	204,204
Interest receivable	(28,531)	(35,467)
Depreciation charge on property, plant and equipment	419,018	411,155
Amortised government grants	(202,920)	(202,920)
Decrease/(increase) in debtors	70,395	(131,567)
Increase/(decrease) in creditors	409,284	(397,191)
Movement in pension liability	(37,000)	123,000
Net cash inflow from operating activities	947,316	11,807

B CASH AND CASH EQUIVALENTS

	At 31 March 2016 £	Cash flow £	At 31 March 2017 £
Cash at bank and in hand	3,273,414	1,193,351	4,466,765
Net funds	3,273,414	1,193,351	4,466,765

SIR OSWALD STOLL FOUNDATION

NOTES TO THE ACCOUNTS for the year ended 31 March 2017

1 Accounting policies

General information

Stoll is a Company incorporated in England and Wales under the Companies Act 2006. Stoll is also a registered charity and a Registered Provider of Social Housing registered with the Homes and Communities Agency. A description of the nature of Stoll's operations and its principal activity is disclosed in the Trustees Report on page 3.

Stoll's registered office is The Sir Oswald Stoll Mansions, 446 Fulham Road, London, SW6 1DT.

Stoll meets the definition of a Public Benefit Entity per FRS 102.

Basis of accounting

The Financial Statements of Stoll are prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland and the Housing SORP 2014 "Statement of Recommended Practice for registered social housing providers 2014" ("the SORP") and comply with the Accounting Direction for Private Registered Providers of Social Housing 2015.

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets in accordance with Stoll's accounting policies.

The financial statements are presented in Sterling.

Going concern

After reviewing the budget for 2017/18 and the long term financial plan, the Board has a reasonable expectation that Stoll has adequate resources to continue in operational existence for the foreseeable future. For this reason the Board continues to adopt the going concern basis preparing the financial statements.

Turnover

Turnover comprises rental and service charge income, revenue grants (including Aids and Adaptations grants), fees and donations.

Rental, service charge and fee income is recognised on a receivable basis.

Revenue grants and donations which are received to fund specific expenditure are matched with that expenditure and any such income received in advance is deferred.

Other revenue grants and donations are recognised when Stoll becomes entitled to them, where there is a reasonable certainty over their receipt and they can be measured reliably.

SIR OSWALD STOLL FOUNDATION

NOTES TO THE ACCOUNTS for the year ended 31 March 2017 (continued)

1 Accounting policies (continued)

Social Housing Grant and government grants

Government grants include grants receivable from the Homes and Communities Agency (HCA), local authorities, and other government organisations. Government grants received for housing properties are recognised in income over the useful life of the housing property structure and its individual components (excluding land), on a pro rata basis under the accrual model. The unamortised element of the government grant is recognised as deferred income in creditors.

Grants relating to revenue are recognised in Statement of Comprehensive Income over the same period as the expenditure to which they relate. Until the revenue grants are recognised as income they are recorded as liabilities.

Government grants released on sale of the property may be repayable but are normally available to be recycled and used for projects approved by the Homes and Communities Agency. If this is the case, they are credited to a Recycled Capital Grant Fund and are included in the Statement of Financial Position in creditors. If there is no requirement to recycle or repay the grant on disposal of the asset, any unamortised grant remaining within creditors is released and recognised as income in the Statement of Comprehensive Income.

Other grants

Grants received from non-government sources are recognised using the performance model. A grant which does not impose a specific future performance condition is recognised as revenue when the grant proceeds are receivable. A grant that imposes a specific future performance related conditions on Stoll, is recognised only when these conditions are met. A grant received before the revenue recognition criteria are satisfied is shown as a liability in the Statement of Financial Position.

Housing property

Housing properties are properties held for the provision of social housing or to otherwise provide social benefit. Housing properties are principally properties available for rent and stated at cost less accumulated depreciation and any recognised impairment losses. The cost of properties is the initial purchase price together with those costs that are directly attributable to acquisition and construction including interest cost up to the date of completion. Properties in the course of construction are not depreciated. Freehold land is not depreciated.

Depreciation is charged on major components so as to write off the cost of the components to their residual values, over their estimated useful lives, using the straight-line method. The components identified, with their respective estimated useful lives, are as follows:

Component	Life
Kitchen	20 years
Bathroom	25 years
Electrical heating	20 years
Electrical main	20 years
Hot water cylinders	20 years
Boilers	10 years
Lifts	25 years
Flat roof	25 years
Traditional roof	60 years
Structure	100 years

SIR OSWALD STOLL FOUNDATION

NOTES TO THE ACCOUNTS for the year ended 31 March 2017 (continued)

1 Accounting policies (continued)

Capitalisation of interest

Interest is capitalised on fixed asset housing and share ownership properties up to the date of completion of capital works on each scheme. The interest is calculated using the weighted average rate of interest payable by Stoll on its loans as a whole, applied to the carrying value of the asset under construction net of grant. This treatment applies irrespective of the original purpose for which the loan was required.

Expenditure on components

Subsequent expenditure which relates to either the replacement of previously capitalised components or the enhancement of such components which results in incremental future benefits is capitalised and the carrying amount of any replaced component or part component is derecognised.

Any other expenditure incurred in respect of repairs is charged to the Statement of Comprehensive Income.

Other fixed assets

Other property, plant and equipment are stated at cost less accumulated depreciation. Stoll also holds other assets i.e. paintings which are held under policy of revaluation. Depreciation is charged on a straight line basis over the expected useful lives of the assets at the following rates:

Freehold Office	50 years
Leasehold Buildings	50 years (or the term of the lease if shorter)
Equipment	4 years
Fixtures	4 years
Motor vehicles	4 years
Computers/laptops	3 years

Individual items of furniture or equipment are capitalised where the unit cost of the purchase exceeds £1,000. The paintings held at the year end were re-valued in the previous financial year by Christie's. The value provided was not materially different from the carrying value and so no adjustment was made. The Board do not believe that the value of the paintings has changed significantly in 2017.

Impairment

For the purposes of impairment assessments, housing properties are grouped together into schemes, each scheme typically comprising one or more buildings in an immediate locality, and each building consisting of one or more accommodation units. Schemes are typically developed or acquired as one. The exception is street properties, which are geographically diverse and where individual properties may have been acquired piecemeal.

SIR OSWALD STOLL FOUNDATION

NOTES TO THE ACCOUNTS for the year ended 31 March 2017 (continued)

1 Accounting policies (continued)

Impairment (continued)

At each Statement of Financial Position date, housing schemes are assessed to determine if there are indicators that the scheme may be impaired in value; if there are such indicators of impairment, then a comparison of the scheme's carrying value is compared to its recoverable amount is undertaken. Any excess over the recoverable amount is recognised as an impairment loss and charged as expenditure in the Statement of Comprehensive Income; the carrying value is reduced appropriately.

The recoverable amount of a scheme is the higher of its fair value less costs to sell and its value in use. Value in use for housing schemes which are able to be let in their current condition and which are fulfilling the social purpose for which they were acquired is based on the depreciated replacement cost of the asset. For other schemes, value in use is defined as the net present value of the future cash flows before interest generated from the scheme.

When an impairment loss is subsequently reversed, the carrying amount of the scheme is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the Statement of Comprehensive Income.

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date, has been carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

Pension costs

Stoll operates a defined benefit scheme, which is administered independently by the Pensions Trust. The expected cost of providing pensions is calculated from actuarial advice. It is not possible to separately identify the underlying assets and liabilities belonging to Stoll on a consistent and reasonable basis.

As there is a contractual agreement between the scheme and Stoll that determines how the deficit will be funded, the contributions payable that arise from the agreement to the extent that they relate to the deficit is recognised as a liability in the Statement of Financial Position and the resulting expense in the Statement of Comprehensive Income. When the contributions are not expected to be settled within 12 months after the reporting period, the liability is measured at the present value of the contributions payable by using a discounted rate (discounted present value basis). The rate used is determined by reference to market yields at the reporting date on high quality bonds.

Stoll also contributes to a defined contribution scheme. The charge to the Statement of Comprehensive Income represents the employer contributions payable to the scheme for the accounting period.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to income and expenditure on a straight line basis over the lease term. The aggregate benefits of any lease incentive are recognised as a reduction in expenses recognised over the term of the lease.

SIR OSWALD STOLL FOUNDATION

NOTES TO THE ACCOUNTS for the year ended 31 March 2017 (continued)

1 Accounting policies (continued)

Value added tax

Irrecoverable VAT which can be attributed to a capital item or expenditure is added to the costs of the capital item or expenditure.

Taxation

Stoll is a charity within the meaning of the Charities Act 2011 and is exempt from taxation under the provisions of the Income and Corporation Taxes Act 1988.

Financial instruments

Financial assets and financial liabilities are recognised in the Statement of Financial Position when Stoll becomes a party to the contractual provisions of the instrument.

Trade (including rental) and other debtors and creditors are classified as basic financial instruments and measured at initial recognition at transaction price. Debtors and creditors are subsequently measured at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that Stoll will not be able to collect all amounts due.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank, short-term bank deposits with an original maturity of three months or less and bank overdrafts which are an integral part of Stoll's cash management.

Interest bearing bank loans, overdrafts and other loans which meet the criteria to be classified as basic financial instruments are initially recorded at the present value of cash payable to the bank, which is ordinarily equal to the proceeds received net of direct issue costs. These liabilities are subsequently measured at amortised cost, using the effective interest rate method.

The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset or liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest bearing loans, overdrafts and other loans which do not meet the criteria to be classified as basic financial instruments are recorded at their fair value with any movements in fair value being reflected in the Statement of Comprehensive Income.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and at bank and short term deposits. Cash equivalents are highly liquid investments that are readily convertible to known amounts of cash without significant risk of change in value.

Employee benefits

Short term employee benefits including holiday pay and annual bonuses are accrued as services are rendered.

Stoll is party to a multi-employer defined benefit (final salary) contributory pension scheme administered independently. Stoll is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis.

SIR OSWALD STOLL FOUNDATION

NOTES TO THE ACCOUNTS for the year ended 31 March 2017 (continued)

1 Accounting policies (continued)

Employee benefits (continued)

As there is a contractual agreement between the scheme and Stoll that determines how the deficit will be funded, the contributions payable that arise from the agreement to the extent that they relate to the deficit is recognised as a liability in the Statement of Financial Position and the resulting expense in the Statement of Comprehensive Income. When the contributions are not expected to be settled within 12 months after the reporting period, the liability is measured at the present value of the contributions payable by using a discounted rate (discounted present value basis). The rate used is determined by reference to market yields at the reporting date on high quality bonds.

Restricted reserves

These are funds given to Stoll for a specific purpose or to support a project and cannot be used for any other purpose. (See note 23 for more detail).

Unrestricted general funds

These are funds which can be used in accordance with the Memorandum and Articles at the discretion of the Trustees.

Key sources of estimation uncertainty and judgements

The preparation of the financial statements requires the use of estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for income and expenses for the year. Although these estimates and associated assumptions are based on historical experience and the management's best knowledge of current events and actions, the actual results may ultimately differ from those estimates. The estimates and underlying assumptions are reviewed on an on-going basis.

Critical judgements in applying Stoll's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the Board has made in the process of applying Stoll's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

- Financial instrument classification
- Housing property impairments

Financial instruments classification

The classification of financial instruments as "basic" or "other" requires judgement as to whether all applicable conditions as basic are met. This includes consideration of the form of the instrument and its return.

One of Stoll's loans includes a clause that allows the lender to reset rates unilaterally at various points in the future. As such, one of the required conditions for classifying that loan as basic is not met and the loan has been classified as being "other" and therefore held at fair value.

The rate of interest charged at present is considered to be in line with the market rate. Furthermore, there is no penalty for repaying the loan in the event that any future reset rate is considered to be

SIR OSWALD STOLL FOUNDATION

NOTES TO THE ACCOUNTS for the year ended 31 March 2017 (continued)

1 Accounting policies (continued)

Key sources of estimation uncertainty and judgements (continued)

above the then market rate. On that basis, the Trustees consider that the fair value of the loan is not materially different from the principal amount outstanding.

Housing property impairments

For impairment purposes, as explained in the accounting policies, housing properties are grouped into schemes which reflects how the properties are managed.

Recoverable amounts are based on either future cash flows or, for assets held for their service potential, depreciated replacement cost. The assessment of whether an asset is held for its service potential is a matter of judgement and in making that judgement the Board considers the current use of the asset and the expected future use of the asset. If the asset is unable to be let in its current condition or is not being used for a social purpose, either now or in the foreseeable future, it is assessed as not being held for its service potential.

Recoverable amounts for assets held for their service potential are assessed at the depreciated replacement cost. This is the lower of (a) the cost of purchasing an equivalent property on the open market; and (b) the land cost plus the rebuilding cost of the structure and components. The Board has assessed its properties and considers that all of them are in demand and therefore depreciated replacement cost is appropriate. In view of the location of Stoll's properties and the high cost of replacement, the Board has assessed that no impairment has arisen.

Key sources of estimation uncertainty

The estimates and assumptions which have the most significant effect on amounts recognised in the financial statements are discussed below:

- Useful lives of PPE
- The main components of housing properties and their useful lives
- The recoverable amount of rental and other trade receivables

Identification of housing property components

Stoll accounts for its expenditure on housing properties using component accounting. Under component accounting, the housing property is divided into those major components which are considered to have substantially different useful lives. Judgement is used in allocating property costs between components and in determining the useful lives of each component.

Housing property depreciation is calculated on a component by component basis. The identification of such components is a matter of judgement and may have a material impact on the depreciation charge. The components selected are those which reflect how the major repairs to the property are managed.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date based on the expected utility of the assets.

Uncertainties in these estimates relate to 'technological obsolescence' and changes to future legislative requirements.

SIR OSWALD STOLL FOUNDATION

NOTES TO THE ACCOUNTS for the year ended 31 March 2017 (continued)

2a Particulars of turnover, operating costs and operating (deficit)/surplus

	Turnover	Operating costs	2017 Operating surplus/ (deficit)	2016 Operating surplus/ (deficit)
	£	£	£	£
Income and expenditure from lettings (note 2b)	2,449,281	(2,229,110)	220,171	225,482
Other social housing activities:				
Supporting people	3,137	(650,785)	(647,648)	(670,896)
Activities funded by donations and grants	1,087,769	(497,020)	590,749	546,184
Non-social housing activities:				
Commercial property	112,551	(6,203)	106,348	97,948
Total	3,652,738	(3,383,118)	269,620	198,718

Activities funded by donations and grants comprise:

	2017 £	2016 £
Trusts & grants	841,627	541,554
Corporates	46,248	51,349
Strategic Partners (Help for Heroes)	44,500	379,600
Community, Individuals and Events	76,650	131,542
Major Donors	78,744	10,000
Legacies	-	10,000
	1,087,769	1,124,045
Research Project included in trusts & grants	18,572	75,288

SIR OSWALD STOLL FOUNDATION

NOTES TO THE ACCOUNTS for the year ended 31 March 2017 (continued)

2b) Particulars of income and expenditure from lettings	2017 £	2016 £
Turnover		
Rents receivable net of service charges and voids	1,605,476	1,587,879
Service income	549,034	514,991
Grant	202,920	202,920
Other income	91,851	84,986
	2,449,281	2,390,776
Expenditure on letting activities		
Services	(251,658)	(271,203)
Management	(1,369,210)	(1,130,233)
Routine maintenance	(147,439)	(148,795)
Planned maintenance	(66,040)	(225,948)
Bad debt expense	(3,615)	(4,555)
Loss on replacement of components	(18,919)	(10,611)
Depreciation of housing properties	(372,229)	(373,952)
Total expenditure on lettings	(2,229,110)	(2,165,297)
Operating surplus on letting activities	220,171	225,482
Net rental income is stated after losses from voids of	69,514	24,008

The social housing activities predominantly relate to supported housing / housing for older people.

3 Analysis of accommodation	2017 No.	2016 No.
Units in management		
Supported housing / housing for older people	255	255
General needs	4	4
	259	259

4 Emoluments of the Board of Trustees and senior management team

Under Regulations made under Housing Law, the Trustees are defined as the Trustees of the Board and the Chief Executive. Excluding the Chief Executive and the Company Secretary, none of the Trustees received any emoluments (2016: £nil). Total expenses reimbursed to Trustees were £5,098 (2016: £4,650).

SIR OSWALD STOLL FOUNDATION

NOTES TO THE ACCOUNTS for the year ended 31 March 2017 (continued)

4 Emoluments of the Board of Trustees and senior management team (continued)

	2017 £	2016 £
Remuneration paid to key management personnel were:		
Gross salary	81,759	80,000
Social security costs	10,095	8,551
Employer's pension contributions	9,366	9,440
The total emoluments including pension and benefits in kind of the Chief Executive	101,220	97,991
Emoluments excluding pension contribution	91,854	88,551

The Chief Executive is an ordinary member of the Defined Benefit Career Average Revalued Earnings (CARE) 60ths scheme which was funded by the employer at the rate of 11.5% (2016: 11.8%) during the year, with member contributions of 4.9% (2016: 5.7%).

The Chief Executive was the only member of staff who earned over £60,000 during the year, including salaries and bonuses but excluding pension contributions. His salary fell within the band £90,000- £100,000 (2016: £80,000-£90,000).

5 Employee information

The average full-time equivalent number of persons, including directors, employed by Stoll during the year was:

	2017 Number	2016 Number
Administration	8	7
Communications	1	-
Housing	10	9
Support	15	14
Fundraising	7	7
	41	37
	2017 £	2016 £
Staff costs for the above persons were:		
Wages and salaries	1,236,935	1,167,331
Social security costs	120,173	111,348
Other pension costs	58,479	98,014
	1,415,587	1,376,693

SIR OSWALD STOLL FOUNDATION

NOTES TO THE ACCOUNTS for the year ended 31 March 2017 (continued)

6	Interest receivable and similar income	2017	2016
		£	£
	Bank interest	28,531	35,467
7	Interest payable and similar charges	2017	2016
		£	£
	Bank loans	230,380	236,204
	Less: amounts capitalised	(63,197)	(39,000)
		167,183	197,204
	Unwinding of discount on multi-employer pension scheme liability	10,000	7,000
		177,183	204,204
8	Surplus for the year is stated after charging:	2017	2016
		£	£
	Depreciation		
	- housing properties	372,229	373,952
	- other assets	46,789	37,203
	External auditor's remuneration (excluding VAT)		
	- in respect of the external audit	12,500	16,084
	Internal auditor's remuneration (excluding VAT)		
	- in respect of the internal audit	9,498	3,948
	Operating lease rentals		
	- plant and machinery	84,351	5,375
	- land and buildings	50,569	58,725

SIR OSWALD STOLL FOUNDATION

NOTES TO THE ACCOUNTS for the year ended 31 March 2017 (continued)

9 Property, plant and equipment – housing properties

	Completed £	Under construction £	Leasehold properties £	Total £
Cost				
1 April 2016	28,969,705	2,242,741	1,123,513	32,335,959
Additions – property development	-	1,818,520	-	1,818,520
Additions – replacement components	110,927	-	-	110,927
Disposals	(46,943)	-	-	(46,943)
31 March 2017	29,033,689	4,061,261	1,123,513	34,218,463
Depreciation				
1 April 2016	(4,718,848)	-	(238,360)	(4,957,208)
Charge for the year	(346,686)	-	(25,543)	(372,229)
Released on disposal	28,024	-	-	28,024
31 March 2017	(5,037,510)	-	(263,903)	(5,301,413)
Net book value				
31 March 2017	23,996,179	4,061,261	859,610	28,917,050
31 March 2016	24,250,857	2,242,741	885,153	27,378,751

The total expenditure in the year on works to existing properties was £110,927 (2016: £448,080). Interest capitalised during the year amounted to £63,197 (2016: £39,000).

SIR OSWALD STOLL FOUNDATION

NOTES TO THE ACCOUNTS for the year ended 31 March 2017 (continued)

10 Property, plant and equipment – other

	Freehold land and buildings £	Fixtures, fittings and equipment £	Motor vehicles £	Paintings £	Total £
Cost or Valuation					
1 April 2016 (restated)	393,662	288,008	45,975	34,160	761,805
Additions	-	32,014	-	-	32,014
31 March 2017	393,662	320,022	45,975	34,160	793,819
Depreciation					
1 April 2016 (restated)	(174,864)	(219,203)	(45,975)	-	(440,042)
Charge	(6,446)	(40,343)	-	-	(46,789)
31 March 2017	(181,310)	(259,546)	(45,975)	-	486,832
Net book value					
31 March 2017	212,352	60,476	-	34,160	306,988
31 March 2016 (restated)	218,798	68,805	-	34,160	321,763

SIR OSWALD STOLL FOUNDATION

NOTES TO THE ACCOUNTS for the year ended 31 March 2017 (continued)

11 Debtors	2017	2016
	£	£
Arrears of rent and service charge	222,817	221,736
Less: provision for bad and doubtful debts	(109,172)	(114,844)
Net rental arrears	113,645	106,892
Prepayments	63,722	65,714
Accrued income	32,703	11,517
Other debtors	19,853	116,195
	229,923	300,318
12 Creditors: amounts falling due within one year	2017	2016
	£	£
Bank borrowings (note 14)	239,173	488,027
Rents received in advance	50,112	54,633
Trade creditors	616,025	80,711
Other taxes and social security costs	40,341	29,903
Accruals and deferred income	466,789	600,625
Deferred capital grant (note 15)	202,920	202,920
Multi-employer pension scheme (note 22)	68,520	46,000
	1,683,880	1,502,819
13 Creditors: amounts falling due after more than one year	2017	2016
	£	£
Bank borrowings (note 14)	4,158,003	3,145,680
Other loans (note 14)	750,000	875,000
Multi – employer pension scheme (note 22)	431,480	491,000
Deferred capital grant (note 15)	16,644,769	16,847,689
Other grant	6,219,568	4,500,000
	28,203,820	25,859,369

SIR OSWALD STOLL FOUNDATION

NOTES TO THE ACCOUNTS for the year ended 31 March 2017 (continued)

14 Financial instruments

Stoll's financial instruments comprise cash, bank borrowings and items such as trade creditors and debtors which arise directly from its operations. The main purpose of these financial instruments is to provide finance for Stoll's operations.

Stoll's operations expose it to a variety of financial risks including credit risk, liquidity risk and interest rate risk. The directors have delegated the responsibility for monitoring financial risk management to a sub-committee of the board of trustees, via the Audit and Risk Committee.

Credit risk

Stoll's credit risk is primarily attributable to its inability to make payments on its loans or the interest associated with the loan. Close financial monitoring in meeting its lenders covenants is performed quarterly, and reported to the Finance and Audit and Risk Committees so that any risk of failure to meet lender's covenants is mitigated.

Liquidity risk

Stoll's liquidity risk is primarily the increase in rent arrears due to welfare reform and an enforcement of a 1% rent reduction on housing associations over the next five years.

Stoll has implemented a Rent Allocations policy that requires appropriate credit checks on potential tenants before flats are let out.

Interest rate risk

Stoll has both interest bearing cash investments and interest bearing liabilities. Interest bearing assets comprise cash as well as debt which earn interest at a variable rate.

Stoll's cash investments earned interest at a fixed rate of 1%.

The carrying values of Stoll's financial assets and liabilities are summarised by category below:

	2017 £	2016 £
Financial assets:		
Measured at undiscounted amounts receivable		
• Debtors	229,923	300,318
	229,923	300,318
Financial liabilities:		
Measured at amortised cost		
• Loans repayable	5,147,176	4,508,707
Measured at undiscounted amounts receivable		
• Trade creditors	616,025	80,711

SIR OSWALD STOLL FOUNDATION

NOTES TO THE ACCOUNTS for the year ended 31 March 2017 (continued)

14 Financial instruments (continued)

Stoll's income, expense, gains and losses in respect of the financial instruments are summaries below:

Interest income and expense

• Total interest income for financial assets at amortised cost	28,531	35,467
• Total interest expense for financial liabilities at amortised cost	157,967	204,204

Details of the terms of Stoll's borrowings are disclosed below:

Housing loans	2017 £	2016 £
Bank and other borrowings are repayable as follows:		
Due within one year	239,173	488,027
Between one and two years	1,074,608	418,496
Between two to five years	1,159,075	1,103,147
Over five years	2,674,320	2,499,037
Total housing loans	5,147,176	4,508,707
Less: repayable within one year	(239,173)	(488,027)
Housing loans falling due after more than one year	4,908,003	4,020,680

Loans from Orchard brook/RBS and Nationwide are secured by specific charges on the company's housing properties, with interest being charged at rates of 9.375% - 11.500% and LIBOR plus 1.00% respectively. The life of each loan varies from 30 to 60 years. During the year, a loan with a 9.375% interest rate was repaid and early repayment costs expensed.

The loan from The Royal British Legion is secured by specific charges on certain of the company's housing properties, with interest being charged at a rate of 4% and repaid at 10% per annum.

New loans include a loan from Charities Aid Foundation Bank (CAF) at 4%.

15 Deferred capital grants	2017 £	2016 £
At 1 April as restated	17,050,609	17,253,529
Release to income in the year	(202,920)	(202,920)
Balance at 31 March	16,847,689	17,050,609

SIR OSWALD STOLL FOUNDATION

NOTES TO THE ACCOUNTS for the year ended 31 March 2017 (continued)

15 Deferred capital grants (continued)

Classified as:

Amounts to be released within one year

202,920

202,920

Amounts to be released in more than one year

16,644,769

16,847,689

16,847,689

17,050,609

16 Reserves (excluding investment revaluation)

2017

2016

£

£

Income and expenditure

As at 1 April

3,897,898

3,867,917

Surplus for the year

120,968

29,981

As at 31 March

4,018,866

3,897,898

Analysed as:

Invested in housing properties

2,001,313

3,179,567

Development

1,595,000

-

Restricted Funds

242,627

68,521

Un-designated

179,926

649,810

4,018,866

3,897,898

17 Investment revaluation reserve

2017

2016

£

£

At 1 April and at 31 March

14,160

14,160

18 Members

Stoll is a company limited by guarantee registered under the Companies Act 2006. It has no equity or non-equity share capital. Membership confers no rights to any form of financial return.

SIR OSWALD STOLL FOUNDATION

NOTES TO THE ACCOUNTS for the year ended 31 March 2017 (continued)

19 Operating lease commitments

At year end Stoll had future minimum lease payments under non-cancellable leases are as follows:

	2017		2016	
	Land and Buildings £	Other £	Land and Buildings £	Other £
Leases which expire:				
No later than one year	19,575	14,818	19,575	4,990
Between two and five years	30,994	59,270	39,150	385
Later than one year but within five years	-	9,878	-	-
	<u>50,569</u>	<u>84,351</u>	<u>58,725</u>	<u>5,375</u>

20 Capital commitments

Capital expenditure contractor costs that have been authorised by the Board of Trustees, and contracted for the building works and development of Aldershot amount to £5.9m (2016: £7.2m of contractor costs).

21 Related party transactions

A member of the key management's family resides on one of the Stoll sites. An interest was declared and a full allocations policy was applied. A tenant sits on the Stoll Board. The normal chargeable rent is applied in both instances.

	£
Rent for the year	9,917
Amounts outstanding at year end	-

Key management are those persons having authority and responsibility for planning, controlling and directing the activities of the group, or in relation to the company. In the opinion of the board of trustees of Stoll the key management is:

- Chief Executive

The remuneration paid to key management personnel is disclosed in note 4.

SIR OSWALD STOLL FOUNDATION

NOTES TO THE ACCOUNTS for the year ended 31 March 2017 (continued)

22 Pensions

Stoll participates in a multi-employer scheme which provides benefits to some 500 non-associated employers.

SHPS operate 2 schemes under which its employees belong – the Defined Benefit Scheme & the Defined Contributions Scheme.

The Defined Benefit pension scheme is a scheme whereby the employee's contributions as well as the contributions of the employer and the tax relief received from the government, have been invested in the stock market over the employee's working years.

The Defined Benefit scheme is index-linked.

Stoll has employees enrolled under both the Final salary scheme (based on how much the employee earns when he/she finally retires) and the Career average scheme (based on an average of the employee's salary across their career).

In the **Defined Contribution Scheme**, the contributions from the employee and employer are invested in the stock market, with the aim of growing them over the years before the employee retires.

Members of defined contribution schemes have a degree of choice as to where their pension contributions are invested. Many opt to put their money in the scheme's 'default fund' - a fund that has a mix of different assets. When retirement date is reached, the pension pot is used - all of the savings over the years and all the growth gained through investment on the stock market - to buy an income. At this point, an annuity can be bought, which is a product designed to give one a guaranteed income for the rest of one's life, or enter into income drawdown.

Under new Government legislation, it is compulsory for all eligible workers, who were not already in a pension scheme, to be automatically enrolled into a scheme that their employer would also contribute into. The majority of Stoll's employees are enrolled into the Defined Contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial valuation for the scheme was carried out with an effective date of 30 September 2014. This actuarial valuation was certified on 23 November 2015 and showed assets of £3,123m, liabilities of £4,446m and a deficit of £1,323m. To eliminate this funding shortfall, the trustees and the participating employers have agreed that additional contributions will be paid, in combination from all employers, to the scheme as follows:

SIR OSWALD STOLL FOUNDATION

NOTES TO THE ACCOUNTS for the year ended 31 March 2016 (continued)

22 Pensions (continued)

Deficit contributions

Tier 1	£40.6m per annum
From 1 April 2016 to 30 September 2020:	(payable monthly and increasing by 4.7% each year on 1 st April)

Tier 2	£28.6m per annum
From 1 April 2016 to 30 September 2023:	(payable monthly and increasing by 4.7% each year on 1 st April)

Tier 3	£32.7m per annum
From 1 April 2016 to 30 September 2026:	(payable monthly and increasing by 3.0% each year on 1 st April)

Tier 4	£31.7m per annum
From 1 April 2016 to 30 September 2026:	(payable monthly and increasing by 3.0% each year on 1 st April)

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement, the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

Present value of provision	2017 £'000	2016 £'000
As at 31 March	500	537
Reconciliation of opening and closing provisions	2017 £'000	2016 £'000
Provision as at 1 April	537	407
Unwinding of the discount factor	10	7
Deficit contributions paid	(62)	(45)
Impact of any changes in assumptions	15	(3)
Amendments to the contribution schedule	171	17(3)
As at 31 March	500	537

SIR OSWALD STOLL FOUNDATION

NOTES TO THE ACCOUNTS for the year ended 31 March 2016 (continued)

22 Pensions (continued)

Income statement impact	2017 £'000	2016 £'000
Unwinding of discount factor	10	7
Remeasurements - impact of changes in assumptions	15	(3)
Remeasurements - amendments to the contribution schedule	-	171
As at 31 March	25	175
Restated as:	2017 £'000	2016 £'000
Creditors: amounts falling due within one year	69	46
Creditors: amounts falling due after more than one year	431	491
	500	537

ASSUMPTIONS

	31 March 2017 % per annum	31 March 2016 % per annum	31 March 2015 % per annum
Rate of discount	1.33	2.06	1.92

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

SIR OSWALD STOLL FOUNDATION

NOTES TO THE ACCOUNTS for the year ended 31 March 2017 (continued)

23 Restricted Reserves

Grants received from donors in this financial year for Revenue purposes

Donor	Purpose	Amount £
Royal British Legion	VNS (Veterans Nomination Scheme)	83,611
Royal British Legion	Aged Vet's Fund-Domestic Support	73,690
FiMT	Vets in Transition	45,000
ABF The Soldiers' Charity	Tenancy Support	40,000
Trinity House	Tenancy Support	39,000
Lloyd's Patriotic Fund	Drug and Alcohol Service	30,000
Henry Smith Charity	Health and Wellbeing	30,000
QMRT	Tenancy Support	30,000
Seafarers' UK	Tenancy Support	28,333
Monument Trust	Drug and Alcohol Service	20,000
Philip King Charitable Trust	Support - Banstead Court	20,000
RNRMC Greenwich Hospital	Support – general	20,000
Armed Forces Covenant Fund	Drop in	16,490
FiMT	Vets in Transition	15,188
Leathersellers	General Support	30,000
RAF Benevolent Fund	Outreach	10,000
Philip King Charitable Trust	Banstead Court support	25,000
The Beatrice Laing Trust	Domestic Support service	5,000
Swire Charitable Trust	Health and Wellbeing	5,000
D&C Harding Foundation	Health and Wellbeing	5,000
VHAO	Veterans Housing Advice Office	205,460
Barclays	Employment and Skills Learning Grant	40,000
Help for Heroes	Wounded, Injured, Sick	65,000
We are grateful to the following trusts for Gifts up to £5,000:		
Scott (Eredine) Charitable Trust		16,160
The Daisy Trust		
Lloyd's Patriotic Fund (Warpaint)		
Robert Clutterbuck Trust		
Sir James Roll Charitable Trust		
Henhurst Charitable Trust		
Royal Signals Association		
Santander Foundation		
Goldsmiths Company		
Stock Exchange Veterans		
Raymond and Blanche Lawson Charitable Trust		
The Royal Foundation of The Duke and Duchess of Cambridge and Prince Harry		
		897,932
Of which £242,627 is carried forward to next financial year:		
VHAO		205,460
Help for Heroes		20,500
Philip King Charitable Trust		16,667
		242,627

SIR OSWALD STOLL FOUNDATION

NOTES TO THE ACCOUNTS for the year ended 31 March 2017 (continued)

24 Capital Funds

Grants received from donors in this financial year for Capital purposes include:

Trusts & Grants Analysis	Type of Restriction	Restricted FY 2016-17
		£
The Royal British Legion	Aldershot Development	675,000
The Wolfson Foundation	Aldershot Development	100,000
The Bernard Sunley Charitable Foundation	Aldershot Development	25,000
The Clothworkers' Foundation	Aldershot Development	100,000
Garfield Weston Foundation	Aldershot Development	75,000
Charles Wolfson Charitable Trust	Aldershot Development	10,000
Stephen Cohen	Aldershot Development	10,000
Total Capital Grants		995,000

The grant from the Ministry of Defence received in the financial year 2014/15 for £246,199 has been spent on refurbishing 25 bathrooms for disabled veterans. The amount released in the statement of comprehensive income in the year ending 31 March 2017 was £16,296 (2016: £7,224).

25 Unrestricted reserves

The balance of Fundraised income (donations and grants) for unrestricted purposes came from our Fundraising activity.