Impact Housing Association Limited

Financial Statements
For the Year Ended 31 December 2014

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Contents

Board of Management:

Adrian Waite	(Chair)
Michael Bauer	(Elected 19 June 2014)
Mark Costello	(Elected 19 June 2014)
Joanne Gibson	(Co-option expired on 19 June 2014)
Hazel Graham	(Resigned 28 February 2014)
Julie Gardner	(Elected 19 June 2014)
David Harrison	
Alan Markbride	
Kenneth Meek	(Resigned 22 July 2014)
Mike Muir	
John Reginald Nicol	(Resigned 31 December 2014)
David Tinwell	(Elected 19 June 2014)
Peter Ward	(Resigned 19 June 2014)
Patricia Wardley	(Elected 19 June 2014)

Chief Executive:	Mike Muir
Director of Finance:	Graham Wilson
Director of Assets & Homes:	Keith Dobson
Director of Human Resources:	Steve Holliday
Director of Support & Communities:	Lorraine Usher
Company Secretary:	Norman Hugh Parry

Registered Office:

Nook Street
Workington
Cumbria
CA14 4EH

Auditors:

Beever and Struthers
St George's House
215-219 Chester Road
Manchester
M15 4JE

Principal Bankers:

Clydesdale Bank PLC
National Business Solutions
Lower Ground Floor, Head Office
30 St Vincent Place
Glasgow
G1 2HL

Solicitors:

Brockbank, Curwen,Cain and Hall
Norham House
71 Main Street
Cockermouth
Cumbria
CA13 9JS

Trowers and Hamlins
Heron House
Albert Square
Manchester
M2 5HD

Homes & Communities Agency: LO917

Co-operative and Community Benefit Society Registration Number: 21411R

The Board of Management presents its annual report and the audited accounts for the year ended 31 December 2014.

Results
The results for the year are set out on page 17 of the financial statements.

Principal activities
The Association's principal activities during the year were the provision of housing and support services.

Business review
This has been a successful year for the Association. Impact has consolidated its position across a range of services and the Association has continued to ensure that it achieves its stated vision for people to have a decent home, be able to live as independently as possible and enjoy a good quality of life.

It is anticipated that the financial performance of the Association will be maintained in the foreseeable future.

Board of Management members and their interests
The Board Members in office during the year are listed on page 1. Each elected Board Member holds one fully paid share of £1 in the Association.

Political and charitable contributions
During the year the Association made no political contributions and any charitable contributions were made within the Association's normal activity.

Fixed assets
The changes in fixed assets during the year are stated in note 10 to the financial statements.

Code of Governance
Impact has adopted the National Housing Federation's, 'Code of governance, Promoting board excellence for housing associations (2015 edition)', as its code of governance and is compliant with it in all respects except for the following part of provision B4:

'Boards should have at least five members and no more than twelve, including any co-optees and any executive board members.'

Impact's rules state:

D2.1 The board shall consist of between five and twelve board members (not including co-optees) as may be determined by the board....

Impact fully supports the code's principle of excellence in governance via a board which is effective in the strategic leadership and control of the organisation and to this end it has established a standard board structure of twelve members (including the chief executive) to ensure both its Independent and Residents and Service Users constituencies are adequately represented, whilst retaining the flexibility to strengthen the board through the appointment of co-optees to fulfil any need for other, skills/expertise that may arise from time to time.

Statement of Board of Management responsibilities

Co-operative and Community Benefit Societies law 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 the Association and of the Income and Expenditure of the Association for that year. In preparing the financial statements, the Board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

The Board of Management is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time, the financial position of the Association and to enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act. It is also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement from the Board on Internal Controls Assurance for the period January to December 2014

Impact's Board acknowledges that it has overall responsibility for establishing and maintaining a system of internal control, and of reviewing the effectiveness of that system.
In this Statement the Board confirms that it has considered the range of internal controls which Impact has in place and reviewed their effectiveness for the year ended 31st December 2014. These include controls which have been put in place to support the achievement of our business aims and objectives, reduce the possibility of material misstatement or loss and safeguard Impact's assets and interests. While the Board recognises that no system of controls can provide absolute assurance, it aims, through the operation of the controls in place, to provide reasonable assurance.

The Risk Management Culture and Framework

Impact has a Risk Management Policy which is reviewed at Board annually, and an Assurance Framework which is reviewed annually by Audit Committee who report back to Board. The Policy and Framework set the requirements for the ongoing identification, assessment and management of risk at all levels of the organisation. Assurance and Risk is a standard Audit Committee Agenda Item and risk identification features in all Board reports. The Chief Executive reports to Board Quarterly on risk and Operational Teams provide formal quarterly risk reports linked to business plan objectives.

The Audit Committee Role

The Association has an established Audit Committee which reports directly and fully to Board. A review of the Committee's role took place during the year and the updated terms of reference included an overview of Risk Management. Committee's role was confirmed; in respect to risk management – "to ensure the Association has a rigorous and comprehensive approach to the assessment and mitigation of risk" and in respect to Internal Controls – "to satisfy the Board that there is a sufficient systematic review of the internal control arrangements of the association and ensure that weaknesses in control are being corrected and are reported to Board". To carry out these roles the Audit Committee held 5 meetings and routinely considered updates on risk, on the Assurance Map, and on available assurance. They took account of various sources of assurance including External and Internal Audit Reports provided feedback from independent consultants, findings from internal reviews and monitoring and external scrutiny outcomes. The Membership of the Committee changed during the year in line with our Membership Policies and a new Chair was appointed by the Board following the AGM.

Environment and Control Procedures

The Board retains responsibility for a defined range of issues covering strategic, operational, financial and compliance issues. Included in this are new business, projects, services and major developments. Detailed appraisals are carried out and presented to Board for approval for any new or significant areas of activity.

Board has agreed a set of key commitments for the organisation which all staff work to and the business plan supports. It has also agreed a comprehensive framework of policies including delegated authorities, treasury management, whistleblowing, diversity and equal opportunities. These provide firm direction in all areas of our operations. Key policies are reviewed and updated annually. The Chief Executive is responsible for Health and Safety matters and reports to Board in detail on an annual basis.

Reporting Systems

Budgets, detailed forecasts, and quarterly financial reports are presented to and approved by Board. Detailed financial monitoring and reporting took place throughout the management structure on a regular basis. The CEO provides a quarterly report to Board on Risk and on progress against the Business and Delivery Plan items. Directors report quarterly to Board on Operational Risk and Performance. Board receive minutes from Audit Committee meetings plus a report from the Audit Chair as appropriate.

External Scrutiny

Impact is subject to a range of external scrutiny including inspections, audits, validation visits and accreditations. It also reports to and receives feedback from Resident Groups and Partners, in particular the Salterbeck Residents Association and Impact Tenant and Residents Association (TARA).
During the year we produced and published our second Value for Money Self-Assessment report which is open to scrutiny by our Customers and the housing Regulator.
During the year we retained our G1/V1 rating from the Homes and Communities Agency which carries out its own assessment of our performance in particular looking at finance and governance.

Monitoring, Corrective Action and Improvements

Impact operates a comprehensive system of formal appraisal, regular line management and team meetings. Staff have clearly defined roles and responsibilities and targeted training to support them to work effectively. These structures are underpinned by annual plans, targets and routine performance monitoring which enable us to track progress and take corrective actions in a timely way.
During the year we made improvements to our assurance monitoring which resulted in a report going to Audit Committee and Board recommending control improvements and actions being taken. These were actively followed up with progress update reports presented to Audit and Board.
A total of 16 internal reviews took place under our "Transforming Impact" programme. These included reviews of processes and controls, efficiency and value for money and outcomes for customers. Additionally, a major restructuring of front line services was planned to deliver effective services to customers particularly in view of welfare benefit changes.
Whistleblowing and fraud were considered at Audit Committee, but there were no cases reported during the year. There were also no cases reported to the Housing Ombudsman during the year.

Auditors

In accordance with the Co-operative and Community Benefit Societies Act 2014 a resolution to appoint External Auditors will be made at Impact's Annual General Meeting to be held on 18th June 2015.

Approved by the Board of Management on:-

Signed on their behalf by:- Adrian Uady

Financial and Value for Money Review

Impact has had another year of strong financial performance achieving its financial covenant targets, investing in new and existing stock and by securing offers for new long term loan funding and grant funding despite the prevailing economic conditions.

During the year we have achieved a surplus of £1,022,460 exceeding our minimum covenant requirements. Impact has invested £3.7 million in maintaining and upgrading our housing stock.

Impact has committed to carrying out service reviews of every aspect of the business to ensure that it maximises investment into services for residents and service users and has again achieved significant Value for Money savings.

As a result of these service reviews and Value for Money reviews, the completion of the review of employment terms and conditions and the retendering of existing services Impact achieved year on year reductions in operating costs. Employee costs expressed as a percentage of turnover have risen marginally as a result of new support contracts and the 2% pay award.

	2011	**2012**	**2013**	**2014**
Operating Costs on Lettings as a percentage of Turnover * costs excludes repairs and depreciation	50.2%	49.2%	48.5%	46.8%

	2011	**2012**	**2013**	**2014**
Gross Employee Costs as a Percentage of Turnover	28.0%	27.9%	26.8%	27.3%
Executive Remuneration as a Percentage of Turnover	2.74%	2.76%	2.59%	2.63%

These overall reductions on operating costs have enabled Impact to reinvest funds into maintaining and improving properties and developing community services including welfare reform support and advice for tenants and service users. They have also resulted in greater capacity to invest in development or purchase of new homes with and without HCA grant funding.

	2011	**2012**	**2013**	**2014**
Number of New Homes - units completed	21	50	62	75

Financial and Value for Money Review

Over recent years investment on existing properties has been as follows:

	2011	2012	2013	2014
Investment in Responsive, Cyclical and Planned Maintenance	£3.4m	£3.6m	£3.8m	£3.7m

During the year, when properties become void, Impact carries out an option appraisal on each property to assess the cost benefit and financial viability of continuing to maintain the property. This ensures that Impact is able to maximise its return on assets. The benefit of this work can be seen in the table below which shows the Return on Assets.

	2011	2012	2013	2014
Return on Assets (Operating Surplus/Housing Land & Building Costs)* excludes repairs and depreciation	3.71%	4.28%	4.36%	4.30%
Return on Assets (Operating Surplus/Housing Land & Building Costs)** including repairs and depreciation	1.51%	1.59%	2.09%	2.12%

Capital finance of an additional £10 million was invested in new properties during the year funded by both social housing grant of £1.3 million and the remainder from loan finance.

During the year Impact secured an additional loan funding facility of £15 million from Barclays bank to support the ongoing capital development programme and to enhance its stock investment programme. In accordance with the organisation's Treasury Management Policy Impact maintains an appropriate balance between fixed and variable rate loans. In recent years prevailing low interest rates have led to average loan interest costs remaining relatively static.

	2011	2012	2013	2014
Average loan interest costs	4.11%	4.20%	4.63%	4.61%

Objectives and strategy

The objectives and strategy of the association are set out in a business plan that is reviewed annually and approved by the Board. The Business Plan for 2014 confirmed the four high level commitments which underpin what we aim to achieve as a business and link these to key actions during the year.

Some examples of our actions and achievements against these commitments are given below under the following areas:

- Providing good, long term secure accommodation
- Poverty Reduction including poverty of economy, communities and opportunities
- Raising Aspirations
- A Transformational Role for People Moving Through

Objectives and strategy

Providing good, long term secure accommodation

<table>
<tr><th>Objectives</th><th>Key Tasks</th><th>Achievements</th></tr>
<tr><td>Maintain and upgrade existing stock</td><td>Deliver good cost effective repairs and maintenance services to all of our general needs, supported housing and student accommodation</td><td>Through reviews of existing services and retendering of contracts Impact has:
• Maintained day to day Repairs costs at 2011 rates
• Retendered our Gas Servicing Contract to ensure competitive rates coupled with a quality service
• Centralised support for lease set up and management
• Invested £3.8m in 2014 in repairing and upgrading existing homes
• Restructured the Asset Management Team to dovetail with the improved front facing N-Gage customer service team</td></tr>
<tr><td>Develop new homes</td><td>Deliver our development programme</td><td>• Provided 75 additional homes in total through a combination of new developments and planning gain purchases. These included 8 bungalows for elderly people, 54 family homes, 4 flats, and 9 low cost homes for first time buyers.
• Committed £307,000 in subsidy to support the future development of 66 extra care units
• Completed a £15m loan facility and reviewed further long term funding options to enable continued development
• Development Team generated cost savings and earned an additional £20,000 income</td></tr>
<tr><td colspan="2">Issues for us:
- Demand for certain types of accommodation is reduced, including Young People's Supported Housing and Student Accommodation
- Providing cyclical works including Electrical Inspection</td><td>Actions taken/planned
- Close monitoring and analysis of data, consideration of alternative use, a range of marketing strategies
- Updated process for cyclical works and additional budget to support ongoing programme of inspections and upgrades</td></tr>
</table>

Objectives and strategy

Poverty Reduction including poverty of economy, communities and opportunities

Objectives	Key Tasks	Achievements
Enable tenants faced with welfare reform changes to sustain their tenancies	Assist tenants faced with Universal Credit to be prepared and able to use on line systems	• The Money Matters service offered information, signposting and support to 1096 tenants during the year • The Money Matters service helped tenants access £506,200 in additional benefits, grants and discretionary housing payments • Our first "Hub" access point for tenants was opened in Carlisle to provide improved information and support in an informal setting
Reduce Fuel Poverty	Active support to tenants to reduce fuel bills	• Offered tenants tips and advice about reducing energy costs • 56 tenants "switched" suppliers, saving and average £185pa each • 20 tenants loaned energy monitors
A refreshed volunteering offer that reflects the needs of the customers and the organisation	Promote and expand opportunities	• "Give and Gain" arrange 73 volunteer placements during the year • Impact Furniture Services was supported by 39 volunteers and 2 of these obtained employment with the service • The "Skills Hub" to help people increase their employability worked with 83 job seekers in the last 3 months of the year
Increase uptake of community based services	Promotion and rebranding of IFS/the Oval	• The Stores and Oval were given a makeover to make them more attractive for customers • Cybertil and Gift Aid were introduced into the Furniture Stores to encourage donations and increase income • Social Media use to advertise services and items for sale was increased. The Copeland IFS stores achieved 2500 likes on facebook during the year.

Issues for us:	**Actions taken/planned**
- Universal Credit is to be introduced in Cumbria from December 2014. We believe this will be a challenge for ourselves and our tenants	-We are working with HB/DWP to set up a Pilot to ensure that we are equipped to deal with issues arising as a result of changed benefits and direct payments, and to help our tenants manage claims on line and also manage their money effectively. - As well as this, we are restructuring front line services as from January 2015 to include an improved range of services and signposting designed to skill up tenants to meet the new expectations from Universal Credit roll out.

Raising Aspirations

Objectives	Key Tasks	Achievements
Implement Community Development	Work on projects to support community development	Through working closely with our residents and service users within our communities Impact has: • Obtained £40,000 to carry out dementia friendly upgrades to one of our Living Well Schemes, and upgraded garden areas designed by residents • Delivered on 6 Local Neighbourhood Plans with Residents to address local issues they have identified including environmental improvements, clean ups, plant and grow projects, cooking skills • Continued with youth activities and community activities including a parents programmes where 52 children and their parents took part in the year
Raise aspirations	Actions to improve opportunities	• A successful "takeover" day, encouraging local young people to get a taste of the work environment, in 2014 all Impact services participated • Co-location of a member of Cumbria County Council's Early Help Team to the Eden Foyer, building stronger links with local agencies to benefit the local community • Internally we extended our skills match opportunities for staff, enabling them to develop additional skills and experience outside of their normal job roles
Issues for us: Some of our plans which include working with other agencies did not progress in the year.		**Actions taken/planned** -Continue to work with a range of agencies because this reaps benefits when it is successful

A Transformational Role for People Moving Through

Objectives	Key Tasks	Achievements
Offer a personalised service across our Support and Communities Services	Offer Positive Impact and other Support and Communities clients a tailored service leading to positive outcomes	The Positive Impact Team continued to provide proactive and tailored support to a range of single homeless and young people, examples include: • They supported 270 clients during the year • Achieved satisfaction rates with the quality of service clients received of 95%, higher than the previous year • 91% of individual goals identified were achieved. • Develop services and attract funding relevant to our residents; and example is £9895 obtained from the Cumbria Police and Crime Commissioners to set up a Trusted Visitor Scheme at the South Lakes Foyer, and help young people deal with peer pressure.
Develop the network of Foyers in Cumbria	Further work to establish the Whitehaven and Barrow Foyers	• The Whitehaven Foyer project went on site in July after the Development Team secured a further £375,000 from the HCA to support the building • The Whitehaven Foyer Company is established and developing the detail of the scheme • A business plan for Barrow Foyer was produced, but future development is subject to support and funding
Retain the "Let Go"Domestic Abuse Service and continue to provide high quality tailored support to victims of domestic abuse	Retender for Let Go Services	• Retained existing services in Cumbria through retendering • Obtained new additional services in Lancashire through tendering to expand provision and spread costs • Provided a support service to 576 clients in the year • 80% of those supported said they felt safer as a result of the service
Issues for us: - Retendering of Supporting People Contracts in 2016 which we will need to prepare for in 2015		**Actions taken/planned** -Careful consideration of tenders and our costings, as the existing contracts are fixed income without any annual uplift

During 2014 Impact's Audit Committee took an overview of Value for Money in Impact and were active in driving forward the organisations VFM agenda. This included reviewing the Value for Money Self-Assessment and recommending changes and further actions back to Board.

Performance

As well as delivering value for money services in line with our Business Plan objectives, we delivered good performance throughout the year across our services, as illustrated by these high level indicators:

	Our Performance					
Indicator	**Our 2014 Target**	**2014 Performance**	**2013**	**2012**	**2011**	**Benchmark**
General Needs Current Arrears	2.5% of Gross Rental	2.05%	2.53%	2.90%	3.52%	2.47%
Average General Needs Relet Time	15 Days	19 Days	13 Days	12.5 Days	17 Days	19.7 Days
Repairs Done on Time %	99%	99%	98.6%	98%	94%	98.5%
% Satisfaction with Repairs	97%	95.3%	97.8%	97.6%	93%	93%
ASB % cases closed & resolved	90%	96%	94%	87%	84%	98.7%
ASB % complainants satisfied how handled	95%	95%	96%	94%	86%	-
Sickness Absence Lost time Rate (%)	2.5%	2.72%	2.57%	2.8%	3.2%	3.4%

Impact's Tenants and Residents Association (iTARA) had 3 Members on Impact's Board during the year, and reported directly at Board Level. It reviewed its own constitution and objectives and recruited new members, aiming to make contact with a wider tenant base and encourage participation. iTARA maintained strong links with the work of the Neighbourhood Teams who provide the main point of contact with general needs tenants on all tenant related matters

Improving our Economy, Efficiency and Effectiveness

During 2014 we carried out 15 organisational Reviews and 4 Creative Workshops. These are part of a rolling programme of internal reviews carried out under our Transforming Impact Agenda, led by the Chief Executive. These reviews look at different aspects of our services and aim to answer questions including "Is the service fit for purpose?", "Are our processes efficient and working as intended?", "Are we getting good outcomes for our Customers and our Business?" They also encourage staff at every level in Impact to generate ideas for improving what we do and how we do it.

Outcomes from the Reviews that took place in 2014 include:

- Proposed changes to design features including facilities for residents, dementia friendly design incorporated, increased car parking and management arrangements for our future Extra Care Schemes.

- A clarified role for the Responsible Officers and improved processes in respect to Fire Safety.

- Reviewed the costs and outcomes from Welfare Reform initiatives, which recognised successes such as a 76% success rate with Discretionary Housing and exemption claims, but proposed a transition plan for those coming off DHP, improved targeting of vulnerable tenants, better recording of information using our Customer Relationship Module; this also cross referenced with a further review on Suicide and Self Harm.

- Recommendations for improved marketing of our various meeting rooms using google, social media, and tie in with Hub development.

- A short and medium term plan for improvements linked to environmental sustainability, starting in 2014 with the Neighbourhood Team connecting residents with a range of initiatives, and further recommendations up to 2020 to reduce emissions and costs

A continued programme of Reviews is set from June 2015 designed to support our drive for delivering economy, efficiency and effectiveness through every aspect of our Business. To this end, the Reviews planned for 2014 include the procurement of cleaning services, cash collection arrangements, allocations and lettings, and performance reporting.

Alongside this work, in line with the Regulator's expectations, we continued to strengthen our Asset Register. This included a fundamental review of properties and categorising them into those to dispose of, those to keep and those to further review, and detailed work on securitisation.

Independent Auditor's Report to the Members of Impact Housing Association Limited

We have audited the financial statements of Impact Housing Association Limited for the year ended 31 December 2014 which comprise the Income and Expenditure Account, Statement of Total Recognised Surpluses & Deficits, the Balance Sheet, the Cash Flow Statement 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 housing association's members, as a body, in accordance with the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the association'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 association and the association'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 Board's Responsibilities, set out on page 4, 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 Financial Reporting Council's (FRC'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 association's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the board; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Board Report 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 association's affairs as at 31 December 2014 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2012.

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:

- a satisfactory system of control over transactions has not been maintained; or
- the association has not kept proper accounting records;
- 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.

Beever Struthers

Beever and Struthers
Chartered Accountants and Statutory Auditor
St George's House
215-219 Chester Road
Manchester M15 4JE Date: 18·5·2015

Income and Expenditure Account
For the Year Ended 31 December 2014

	Note	2014 £	2013 £
Turnover	2	**16,757,822**	16,639,137
Cost of Sales	2	**(184,250)**	(443,697)
Operating Costs	2	**(13,050,970)**	(12,761,745)
Operating Surplus		**3,522,602**	3,433,695
Surplus on Sale of Properties not developed for outright sale	24	**237,852**	63,441
Interest receivable and similar income	6	**9,538**	14,672
Interest payable and similar charges	7	**(2,747,532)**	(2,530,252)
Surplus on ordinary activities before taxation		**1,022,460**	981,556
Tax on surplus on ordinary activities	9	**-**	-
Surplus for the year after tax on ordinary activities		**1,022,460**	981,556
Retained surplus for the year	18	**1,022,460**	981,556

There is no difference between surplus on ordinary activities before taxation and the retained surplus for the year stated above and their historical cost equivalents. All amounts relate to continuing activities.

The notes on pages 22 to 39 form an integral part of these financial statements.

Statement of Total Recognised Surpluses and Deficits
For the Year Ended 31 December 2014

	Note	2014	2013
		£	£
Surplus for the financial year		**1,022,460**	981,556
Total surplus since last annual report		**1,022,460**	981,556

	Note	2014 £	2013 £
Tangible Fixed Assets			
Housing properties	10	**166,816,719**	156,259,498
Less: Housing Association Grant and other grants	10	**84,153,563**	82,891,327
Less: Depreciation	10	**12,224,439**	10,987,067
		70,438,717	62,381,104
Other fixed assets	10	**1,194,508**	1,268,129
		71,633,225	63,649,233
Current Assets			
Stock	11	**-**	-
Debtors	12	**1,691,032**	1,699,737
Cash at bank and short term deposits	13	**3,041,882**	3,153,709
		4,732,914	4,853,446
Creditors: Amounts falling due within one year	14	**4,626,652**	4,560,659
Net Current Assets / (Liabilities)		**106,262**	292,787
Total Assets Less Current Liabilities		**71,739,487**	63,942,020
Creditors: Amounts falling due after more than one year	15	**61,845,054**	55,070,050
Capital and Reserves			
Share capital	16	**43**	40
Revenue reserve	18	**9,894,390**	8,871,930
		9,894,433	8,871,970
		71,739,487	63,942,020

The notes on pages 22 to 39 form an integral part of these financial statements.

The financial statements on pages 17 to 39 were approved by Board of Management on 18th May 2015 and were signed on its behalf by:

Board Member ....

Board Member ....Admin Work....................

Director/Secretary ....

Cash Flow Statement
For the Year Ended 31 December 2014

	Note	2014 £	2013 £
Net cash inflow from operating activities	1	**3,903,872**	3,733,906
Returns on investments and servicing of finance	2	**(2,589,342)**	(2,525,769)
Net capital expenditure	3	**(8,497,358)**	(3,171,771)
		(7,182,828)	(1,963,634)
Finance	4	**7,071,001**	2,593,835
		(111,827)	630,201

1. Reconciliations of Operating Surplus to Net Cash Inflow from Operating Activities

	2014 £	2013 £
Operating surplus	**3,522,602**	3,433,695
Depreciation charges	**1,495,738**	1,231,863
Less Capitalised Repairs	**(973,712)**	(1,241,872)
Change in stock	**-**	290
Change in debtors	**2,603**	116,266
Change in creditors	**(143,359)**	193,664
	3,903,872	3,733,906

2. Returns on Investments and Servicing of Finance

	2014 £	2013 £
Interest received	**9,538**	14,672
Interest paid	**(2,598,880)**	(2,540,441)
	(2,589,342)	(2,525,769)

3. Net Capital expenditure

	2014 £	2013 £
Acquisition and construction of housing properties	**(10,069,931)**	(6,828,624)
Capital grants received	**1,262,236**	2,934,657
Purchase of other tangible fixed assets	**(110,913)**	(199,365)
Proceeds on Sale of Properties	**421,250**	921,561
	(8,497,358)	(3,171,771)

Cash Flow Statement
For the Year Ended 31 December 2014

4. Financing	**2014**	2013
	£	£
Loans received	**8,750,000**	4,000,000
Loans repaid	**(1,711,749)**	(1,433,035)
Issue costs amortised	**32,750**	26,870
	7,071,001	2,593,835

5. Reconciliation to Net Cash Flow to Movement in Net Debt	**2014**	2013
	£	£
(Decrease) / Increase in cash in the period	**(111,827)**	630,201
Cash used to repay loans	**1,711,749**	1,433,035
Cash received from loans	**(8,750,000)**	(4,000,000)
Issue costs (amortised)/incurred	**(32,750)**	(26,870)
Change in net debt	**(7,182,828)**	(1,963,634)
Net debt at 1 January	**(52,129,897)**	(50,166,263)
Net debt at 31 December	**(59,312,725)**	(52,129,897)

6. Analysis of Changes in Net Debt

	1 January 2014	**Flows**	**Changes**	**31 December 2014**
	£	**£**	**£**	**£**
Cash and bank	**3,153,709**	**(111,827)**	**-**	**3,041,882**
Debt due within one year	**(1,432,469)**	**-**	**(101,516)**	**(1,533,985)**
Debt due after one year	**(53,851,137)**	**(7,071,001)**	**101,516**	**(60,820,622)**
	(52,129,897)	**(7,182,828)**	**-**	**(59,312,725)**

1. Principal accounting policies

The Association was originally incorporated under the Industrial and Provident Societies Acts 1965 to 2002, Impact operates as a charity, and we are now registered under the Co-operative and Community Benefit Societies Act 2014; Registered Society 21411R. The Association is also registered with the Homes and Communities Agency as a Registered Provider of Social Housing.

a). Basis of accounting

The financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards and Statements of Recommended Practice of the United Kingdom. The accounts comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2012, and the Statement of Recommended Practice: accounting by Registered Social Housing Providers Update 2010 published by the National Housing Federation. The accounts are prepared on the historical cost basis of accounting.

b). Turnover

Turnover represents rental income receivable, grants from local authorities and the Homes and Communities Agency, income from the sale of shared ownership and other properties developed for outright sale and other income.

c). Fixed assets and depreciation

Tangible fixed assets, except housing properties, are stated at cost less accumulated depreciation and capital grants. Depreciation is charged on a straight line basis over the expected useful economic lives of the assets at the following annual rates:

Scheme Equipment	20% per annum on cost
Office Equipment	10% per annum on cost
Computers	20% per annum on cost
Motor Vehicles	25% per annum on cost
Office Freehold	2% per annum on building cost

The useful economic lives of all tangible fixed assets are reviewed annually.

d). Housing Properties

Housing properties are principally properties available for rent and are stated at cost less depreciation. Cost includes the cost of acquiring land and buildings, development costs, interest charges incurred during the development period and expenditure incurred in respect of improvements.

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

Notes to the Financial Statements
For the Year Ended 31 December 2014 (Continued)

1. Principal accounting policies (Continued)

d). Housing Properties (Continued)

Where a housing property comprises two or more major components with substantially different useful lives each component is accounted for separately and depreciated over its individual useful economic life. Expenditure relating to subsequent replacement or renewal of components is capitalised as incurred.

The costs of shared ownership properties are split between current and fixed assets on the basis of the first tranche portion. The first tranche portion is accounted for as a current asset and the sale proceeds shown in turnover. The remaining element of the shared ownership property is accounted for as a fixed asset and subsequent sales treated as sales of fixed assets.

e). Depreciation of housing properties

Freehold land is not depreciated. Depreciation of buildings and other major components is charged on a straight-line basis after taking into account social housing grant and other grants over the assets expected economic useful life as follows:

Housing Structure	150 years
Roofs	100 years
Kitchens	30 years
Bathrooms	30 years
Heating	30 years
Major Electrical	45 years
Windows	30 years
Lifts	15 years

Properties held on leases are amortised over the life of the lease or their estimated useful economic lives in the business if shorter.

f). Capitalisation of administration costs

Administration costs relating to development activities are capitalised only to the extent that they are incremental to the development process and directly attributable to bringing the properties into their intended use.

g). Loan finance issue costs

These are written off evenly over the life of the related loan. Loans are stated in the Balance Sheet at the amount of the net proceeds after issue costs, plus increases to account for any subsequent amounts written off.

Notes to the Financial Statements
For the Year Ended 31 December 2014 (Continued)

1. Principal accounting policies (Continued)

h). Social Housing Grant (SHG) and Other Grants

Where developments have been financed wholly or partly by Social Housing Grant (SHG) and other grants the cost of those developments has been reduced by the amount of the grant received.

SHG received for items of cost written off in the income and expenditure account are matched against those costs as part of turnover.

SHG can be recycled by the Association under certain conditions, if a property is sold, or if another relevant event takes place. In these cases the SHG can be used for projects approved by the Homes and Communities Agency. However, SHG may have to be repaid if certain conditions are not met. The net SHG received and not spent is included in current liabilities, taking into account all properties under construction. In certain circumstances, SHG may be repayable and, in that event, is a subordinated unsecured repayable debt.

i). Recycling of Capital Grant

Where Social Housing Grant is recycled, as described above, the SHG is credited to a Recycled Capital Grant Fund (RCGF) which appears as a creditor until spent.

j). Pension costs

The Association operates a defined benefit scheme. The cost of providing retirement pensions and related benefits is charged to management expenses over the periods benefiting from the employees' services. The assets of the scheme are held separately from those of the Association in an independently administered fund. However, it is not possible to split the assets and liabilities as the Scheme is a multi-employer Scheme.

k). Property managed by agents

Where the Association carries the majority of the financial risk on property managed by agents, all the income and expenditure arising from the property is included in the income and expenditure account.

Where the agency carries the financial risk, the income and expenditure account includes only that income and expenditure which relates solely to the Association.

In both cases, where revenue grants are claimed by the Association, these are included in the income and expenditure account.

1. Principal accounting policies (Continued)

l). Properties for sale

Properties developed for outright sale are included in Turnover and Cost of Sales. Properties developed for shared ownership are divided into first tranche sales and other sales. First tranche sales are deducted from the cost of the property concerned. Subsequent tranches are not included in Turnover and Cost of Sales, but are shown as a separate item after the operating surplus in the Income and Expenditure Account. All other sales of fixed asset properties are dealt with in this way.

Properties developed for outright sale are included in current assets as they are intended to be sold. Shared ownership properties are included in fixed assets.

m). Leased Assets

Rentals paid under operating leases are charged to the income and expenditure account as incurred.

n). Disposal Proceeds Fund

Voluntary Purchase Grant net disposal proceeds are credited to this fund which appears as a creditor until spent.

o). Stock

Stock is included at the lower of cost and net realisable value.

Notes to the Financial Statements
For the Year Ended 31 December 2014 (continued)

2. Turnover, Operating Costs and Surplus

	Turnover £	Operating Costs £	Cost of Sales £	2014 Surplus/ (Deficit) £	2013 Surplus/ (Deficit) £
Income and expenditure from social housing lettings					
General Needs Housing	10,986,748	7,825,431	-	3,161,317	2,868,567
Supported Housing	2,507,556	2,127,109	-	380,447	395,685
	13,494,304	9,952,540	-	3,541,764	3,264,253
Income and expenditure from other social housing activities					
Supporting People Contract Income	1,151,701	1,180,380	-	(28,679)	(71,797)
Community Investment Activities	1,430,355	1,467,208	-	(36,853)	(33,259)
Shared Equity & Shared Ownership Property sales	184,250	-	184,250	-	246,678
	2,766,306	2,647,588	184,250	(65,532)	141,622
Income and expenditure from non social housing activities					
Student Accommodation	497,212	450,842	-	46,370	27,820
	16,757,822	**13,050,970**	**184,250**	**3,522,602**	3,433,695

3. Income and Expenditure from Lettings

Income from lettings activities	General Housing £	Supported Housing £	2014 Total £	2013 Total £
Rent receivable net of identifiable Service Charges	10,296,066	1,232,105	**11,528,171**	10,890,652
Services Charges Receivable	660,325	697,172	**1,357,497**	1,452,787
Net Rents receivable	10,956,391	1,929,277	**12,885,668**	12,343,439
Other Income	30,357	578,279	**608,636**	535,565
Total Income from Lettings	10,986,748	2,507,556	**13,494,304**	12,879,004
Expenditure on lettings activities				
Services and Support Costs	429,596	570,115	**999,711**	991,628
Management	4,036,569	1,113,488	**5,150,057**	4,962,380
Routine Maintenance	2,104,877	248,518	**2,353,395**	2,359,305
Planned Maintenance	154,445	11,318	**165,763**	167,520
Rent Losses from bad debts	153,381	12,670	**166,051**	101,737
Depreciation of Housing Properties	946,563	171,000	**1,117,563**	1,032,182
Total expenditure on lettings	7,825,431	2,127,109	**9,952,540**	9,614,752
Operating Surplus on Letting Activities	3,161,317	380,447	**3,541,764**	3,264,252
Rent Losses from voids	(199,982)	(118,134)	**(318,116)**	(322,639)

Thanks and Acknowledgement to Partners

Impact has worked with a number of partners during the year to provide Support and Communities programmes, including Domestic Violence and Community Youth Development:

- Francis C Scott Trust
- Workington local food project
- Cumbria Community Foundation
- Cumbria County Council
- UK Online
- Robin Rigg fund
- Brathay
- Action for Children
- Stainburn School
- NHS
- Foyer Federation
- Cumbria Waste Management Environmental Trust
- Copeland Community Fund
- Cumbria Community Foundation
- Lakes College
- Cumbria Youth Alliance
- University of Cumbria
- Cumbria Constabulary
- Cadas
- Cumbria Outdoors
- Fire Service
- Groundwork
- Howgill Family Centre
- Southfield Tech. College
- Beckstone Primary School
- Workington Town Council
- Allerdale BC
- Mind
- Kay Mahone
- Ambulance Service
- YMCA Kendal

We also acknowledge the past contributions from **Northern Rock Foundation** towards Impact's Domestic Violence Letgo Service and our Eden Rural Foyer Sunshine Project. Northern Rock Foundation also provided £75,000 restricted funding over three years to fund the part-time position of a Foyer Innovation Officer in West Cumbria. They have also agreed to support the Barrow Foyer Development post for a period of 18 months.

Housing & Care 21 were our partners in 2014 in supporting our more senior residents in Impact's Living Well schemes. Other specialist care providers and managing agents Impact worked closely with in 2014 were; Turning Point, Oaklea Trust, Glenmore Trust, Making Space, Croftlands Trust, West House, Creative Support, Walsingham, CASS, Cumbria Care and Cumbria Cerebral Palsy.

Impact also thanks its other Development partners and funders that it has worked with over the 2014 year; South Lakeland District Council, Lancaster City Council, Homes and Community Agency.

Notes to the Financial Statements
For the Year Ended 31 December 2014 (Continued)

4. Directors Emoluments

The directors are defined as the members of the board, the Chief Executive and any other person who is a member of the Senior Management Team.
The board members did not receive any remuneration during the year.
The Directors' Emoluments are as follows:

		Gross Salary	Vehicle Benefit	Pension	Other	**2014 Total £**	2013 Total £
Mike Muir	Chief Executive	90,639	4,962	15,091	52	**110,745**	107,598
Graham Wilson	Director of Finance	76,585	5,231	12,751	52	**94,619**	90,218
Keith Dobson	Director of Assets & Homes	67,207	3,933	11,190	52	**82,381**	81,392
Steve Holliday	Director of Human Resources	60,134	5,626	10,012	52	**75,824**	73,699
Lorraine Usher	Director of Support & Communities	64,306	3,529	10,707	52	**78,594**	77,792
		358,871	23,281	59,751	260	**442,163**	430,698

The Chief Executive is an ordinary member of the pension scheme. The pension scheme is a final salary scheme funded by annual contributions by the employer and employee. No enhanced or special terms apply. There are no additional pension arrangements. A contribution by Impact Housing Association Limited of £15,091 (2013: £14,000) was paid in addition to the personal contributions of the Chief Executive.

No staff member other than the Directors listed above received greater than £60,000 in remuneration.

5. Employee Information

The average weekly number of persons (including the Chief Executive) employed during the year was:	**2014 Number**	2013 Number
Full time	104	107
Part time	135	103
Average Weekly Number	**239**	210
Full Time Equivalent based on 37 Hour Week	**175**	171

	£	£
Staff Costs:		
Wages and salaries	**4,576,013**	4,466,234
Social Security costs	**343,618**	338,919
Other Pensions costs	**543,658**	507,224
	5,463,289	5,312,377

Notes to the Financial Statements
For the Year Ended 31 December 2014 (Continued)

6. Interest Receivable and Similar Income

	2014	2013
	£	£
Bank interest receivable	**9,538**	14,672

7. Interest Payable and Similar Charges

	£	£
On bank loans and other loans:		
Repayable wholly or partly in more than 5 years by instalments	**2,747,532**	2,530,252

8. Surplus on Ordinary Activities Before Taxation

	£	£
Surplus on ordinary activities before taxation is stated after charging:		
Depreciation		
Tangible owned fixed assets	**1,431,492**	1,219,103
Operating lease payments	**238,594**	282,726
Auditors' Remuneration		
In their capacity as auditors	**14,270**	14,130
In respect of other services	-	-

9. Taxation

The Association has charitable status and is therefore exempt from UK Corporation Tax.

The Committee of Management know of no circumstances which will affect this taxation status in the future.

Impact Housing Association Limited
Notes to the Financial Statements
For the Year Ended 31 December 2014

10. Tangible Fixed Assets	Housing Land & Buildings					Other Fixed Assets			
	Housing Properties Held for Lettings £	Housing Properties Under Construction £	Completed Shared Ownership Properties £	Shared Equity Properties £	Total Housing Properties £	Freehold Offices £	Furniture Equipment & Vehicles £	Computer Equipment £	Total Other Fixed Assets £
Cost									
At 1 January 2014	148,112,748	3,205,564	1,413,566	3,527,620	156,259,498	1,289,857	1,320,980	343,397	2,954,234
Additions	973,712	10,019,754	-	-	10,993,466	-	101,971	8,942	110,913
Completed in the Year	3,360,611	(3,410,216)	55,103	(5,498)	-	-	-	-	-
Disposals	(162,509)		(146,898)	(126,838)	(436,245)	-	(115,689)	(8,454)	(124,143)
At 31 December 2014	**152,284,562**	**9,815,102**	**1,321,770**	**3,395,284**	**166,816,719**	**1,289,857**	**1,307,261**	**343,885**	**2,941,004**
Depreciation									
At 1 January 2014	10,987,067	-	-	-	10,987,067	296,593	705,397	145,044	1,147,035
Charged for Year	1,252,367	-	-	-	1,252,367	25,797	115,857	37,470	179,125
Eliminated on Disposals	(14,995)	-	-	-	(14,995)	-	(110,280)	(8,454)	(118,734)
At 31 December 2014	**12,224,439**	-	-	-	**12,224,439**	**322,390**	**710,975**	**174,061**	**1,207,426**
Grants	SHG					Other Grants			
At 1 January 2014	76,293,538	2,478,065	803,920	3,315,804	82,891,327	539,070	-	-	539,070
Received in the Year	267,000	1,303,587	-	-	1,570,587	-	-	-	-
Completed in the Year	806,000	(806,000)	-	-	-	-	-	-	-
Disposals	(215,118)	-	(93,233)	-	(308,351)	-	-	-	-
At 31 December 2014	**77,151,420**	**2,975,652**	**710,687**	**3,315,804**	**84,153,563**	**539,070**	-	-	539,070
Net Book Value									
At 31 December 2014	**62,908,703**	**6,839,450**	**611,084**	**79,480**	**70,438,717**	**428,398**	**596,286**	**169,824**	**1,194,508**
At 1 January 2014	60,832,143	727,499	609,646	211,816	62,381,104	454,193	615,582	198,353	1,268,129

	2014 £	2013 £
Freehold land and buildings (NBV)	**69,838,717**	61,781,104
Leasehold (NBV)	**600,000**	600,000
Net Book Value	**70,438,717**	62,381,104
Works to existing properties in the year were:		
Capitalised direct administrative costs	**311,000**	320,000
Component additions capitalised	**973,712**	1,241,872
Expensed works charged to I&E	**2,519,158**	2,526,825
Total works to properties	**3,803,870**	4,088,697

Notes to the Financial Statements
For the Year Ended 31 December 2014 (Continued)

11. Stock

	2014 £	2013 £
Housing Stock held for resale	-	-
Other Stock	-	-
	-	-

12. Debtors

	2014 £	2013 £
Rental Debtors	1,287,997	1,408,831
Less: Provision for bad and doubtful debts	(514,149)	(451,132)
	773,848	957,699
Sundry Debtors	459,773	255,733
Prepayments and accrued income	457,411	486,305
	1,691,032	1,699,737

13. Cash at Bank and Short Term Deposits

	2014 £	2013 £
Short Term Deposits	124,325	1,617,204
Cash at Bank	2,917,557	1,536,505
	3,041,882	3,153,709

14. Creditors: Amounts falling due within one year

	2014 £	2013 £
Housing Loans and Other Loans	1,533,985	1,432,469
Rent creditors	86,726	102,159
Trade creditors	701,172	770,615
Capital expenditure on housing properties	127,781	183,108
Accruals, deferred income and other creditors	2,086,695	1,981,126
Taxation & Social Security	90,293	91,182
	4,626,652	4,560,659

Notes to the Financial Statements
For the Year Ended 31 December 2014 (Continued)

15. Creditors: Amounts falling due after more than one year		**2014** £	2013 £
Housing Loans and Other Loans		**60,820,622**	53,851,137
Recycled Capital Grant Fund	(Note 17)	**599,987**	846,461
Disposal Fund RTA	(Note 17)	**405,094**	356,158
Leaseholder Sinking Fund		**19,351**	16,294
		61,845,054	55,070,050

Loans from local authorities, building societies and banks are secured by specific charges on the Association's housing properties and other assets. The loans are repayable at varying rates of interest in instalments falling due as follows:-

	£	£
Within one year	**1,533,985**	1,432,469
Between one and two years	**1,623,760**	1,532,823
Between two and five years	**5,935,665**	5,451,528
In five years or more	**54,047,205**	47,511,676
	63,140,615	55,928,496
Less: Issue costs	**(786,007)**	(644,889)
	62,354,608	55,283,607

16. Called Up Share Capital	**2014** £	2013 £
Allotted, issued and fully paid at start of year	40	43
Issued during the year	8	2
Forfeited during the year	(5)	(5)
Allotted, issued and fully paid at 31December	43	40

The shares do not have a right to a dividend or distribiution in a winding-up and are not redeemable. Each share has full voting rights.

17. Capital Grant Funds	**1 January 2014**	**Additions**	**Extractions**	**31 December 2014**
Recycled Capital Grant	846,461	70,526	317,000	599,987
Disposal Proceeds Fund	356,158	48,936	-	405,094

18. Revenue Reserves

	£
At 31st December 2013	8,871,930
Surplus for the year to 31 December 2014	1,022,460
At 31 December 2014	9,894,390

19. Pension Obligations

1. Impact Housing Association Ltd participates in the Social Housing Pension Scheme (the Scheme). The Scheme is funded and is contracted-out of the State Pension scheme.

2. SHPS is a multi-employer defined benefit scheme. Employer participation in the Scheme is subject to adherence with the employer responsibilities and obligations as set out in the 'SHPS House Policies and Rules Employer Guide'.

3. The Scheme operated a single benefit structure, final salary with a 1/60th accrual rate until 31 March 2007. From April 2007 three defined benefit structures have been available, namely:

   3.1. Final salary with a 1/60th accrual rate.

   3.2. Final salary with a 1/70th accrual rate.

   3.3. Career average revalued earnings (CARE) with a 1/60th accrual rate.

   From April 2010 a further two defined benefit structures have been available, namely:

   3.4. Final salary with a 1/80th accrual rate.

   3.5. Career average revalued earnings (CARE) with a 1/80th accrual rate.

   A defined contribution benefit structure was made available from 1 October 2010.

4. An employer can elect to operate different benefit structures for their active members and their new entrants. An employer can only operate one open defined benefit structure at any one time. An open benefit structure is one which new entrants are able to join.

19. Pension Obligations (continued)

5. Impact Housing Association Ltd currently operates for active members:

    5.1. final salary with a 1/60th accrual rate (closed end May 2013)

    5.2. final salary with a 1/80th accrual rate (from June 2013)

    5.3. Career Average Revalued Earnings with a 1/120th accrual rate

    5.4. Defined contribution benefit structure

6. 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 determine the level of future contributions required, in respect of each benefit structure, so that the Scheme can meet its pension obligations as they fall due. From April 2007 the split of the total contribution rate between member and employer is set at individual employer level, subject to the employer paying no less than 50% of the total contribution rate. From 1 April 2010 the requirement for employers to pay at least 50% of the total contribution rate no longer applies.

7. The actuarial valuation assesses whether the Scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date. Asset values are calculated by reference to market levels. Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

8. During the accounting period Impact Housing Association Ltd paid contributions at the rate of 3% to 9.75% member contributions varied between 3% and 10.5%.

9. As at the balance sheet date there were 173 active members of the Scheme employed by Impact Housing Association Limited. The annual pensionable payroll in respect of these members was £3,920,286.45. Impact Housing Association Limited continues to offer membership of the Scheme to its employees.

10. 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 Scheme is a multi-employer scheme, where the assets are co-mingled for investment purposes, and benefits are paid out of total Scheme assets. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS17 represents the employer contribution payable.

11. 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 2013. 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 £2,718 million. The Actuarial Report revealed a shortfall of assets compared with the value of liabilities of £1,151 million, equivalent to a past service funding level of 70%.

Notes to the Financial Statements
For the Year Ended 31 December 2014(continued)

19. Pension Obligations (continued)

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

Valuation Discount Rates:	**% p.a.**
Pre-Retirement	7.0
Non Pensioner Post Retirement	4.2
Pensioner Post Retirement	4.2
Pensionable Earnings Growth	2.5 per annum for 3 years, then 4.4
Price Inflation (RPI)	2.9
Pension Increases:	
Pre 88 GMP	0.0
Post 88 GMP	2.0
Excess Over GMP	2.4

Expenses for death-in-service insurance, administration and Pension Protection Fund (PPF) levy are included in the contribution rate.

13. The valuation was carried out using the following demographic assumptions:

Mortality pre-retirement – 41% SAPS S1 Male / Female All Pensioners (amounts), Year of Birth, CMI_2009 projections with long term improvement rates of 1.5% p.a. for Males and 1.25% p.a. for Females.

Mortality post retirement – 97% SAPS S1 Male / Female All Pensioners (amounts), Year of Birth, CMI_2009 projections with long term improvement rates of 1.5% p.a. for Males and 1.25% p.a. for Females.

14. The long-term joint contribution rates required from April 2013 from employers and members to meet the cost of future benefit accrual were assessed at:

Benefit Structure	**Long-term Joint Contribution Rate (% of pensionable salaries)**
Final salary with a 1/60th accrual rate	19.4
Final salary with a 1/70th accrual rate	16.9
Career average revalued earnings (CARE) with a 1/60th accrual rate	18.1
Final salary with a 1/80th accrual rate	14.8
Career average revalued earnings (CARE) with a 1/80th accrual rate	14.0
Career average revalued earnings (CARE) with a 1/120th accrual rate	9.7

Notes to the Financial Statements
For the Year Ended 31 December 2014 (continued)

19. Pension Obligations (continued)

15. 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.

16. Following consideration of the results of the actuarial valuation it was agreed that the shortfall of £1,035 million would be dealt with by the payment of deficit contributions as shown in the table below:

From 1 April 2013 to 30 September 2020	A cash amount(*) equivalent to 7.5% of Members' Earnings per annum (payable monthly and increasing by 4.7% per annum each 1 April)
From 1 October 2020 to 30 September 2023	A cash amount(*) equivalent to 3.1% of Members' Earnings per annum (payable monthly and increasing by 4.7% per annum each 1 April)
From 1 April 2013 to 30 September 2026	£30,640,000 per annum (payable monthly and increasing by 3% per annum each 1 April; first increase on 1 April 2014)

(*) The contributions of 7.5% will be expressed in nominal pound terms (for each Employer), increasing each year in line with the Earnings growth assumption used in the 30 September 2008 valuation (i.e. 4.7% per annum). The contributions of 3.1% will be calculated by proportioning the nominal pound payment at the time of the change. Earnings at 30 September 2008 (for each Employer) will be used as the reference point for calculating these contributions.

These deficit contributions are in addition to the long-term joint contribution rates as set out in paragraph 14 above.

17. The next formal valuation of the Scheme will begin later this year and will give an update on the financial position as at 30 September 2014. The results of this valuation will be available in Spring 2016.

18. Employers that participate in the Scheme on a non-contributory basis pay a joint contribution rate (i.e. a combined employer and employee rate).

19. Employers that have closed the defined benefit section of the Scheme to new entrants are required to pay an additional employer contribution loading of 2.5% to reflect the higher costs of a closed arrangement.

Notes to the Financial Statements
For the Year Ended 31 December 2014 (continued)

19. Pension Obligations (continued)

20. A small number of employers are required to contribute at a different rate to reflect the amortisation of a surplus or deficit on the transfer of assets and past service liabilities from another pension scheme into SHPS.

21. New employers that do not transfer any past service liabilities to the Scheme pay contributions at the ongoing future service contribution rate. This rate is reviewed at each valuation and new employers joining the Scheme between valuations up until 1 April 2010 do not contribute towards the deficit until two valuations have been completed after their date of joining. New employers joining the Scheme after 1 April 2010 will be liable for past service deficit contributions from the valuation following joining. Contribution rates are changed on the 1 April that falls 18 months after the valuation date.

22. A copy of the Recovery Plan, setting out the level of deficit contributions payable and the period for which they will be payable, must be sent to The Pensions Regulator. The 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 Scheme liabilities and hence impact on the Recovery Plan) or impose a schedule of contributions on the Scheme (which would effectively amend the terms of the Recovery Plan).

23. As a result of pension scheme legislation there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up.

24. The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (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 Scheme. If the liabilities exceed assets there is a buy-out debt.

25. The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme'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 Scheme liabilities, Scheme 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. The amounts of debt can therefore be volatile over time.

Potential employer debt is treated as a contingent liability

26. Impact Housing Association Limited has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the Social Housing Pension Scheme, based on the financial position of the Scheme as at 30 September 2013. At this date the estimated employer debt for Impact Housing Association Limited was £16,018,863.60.

Notes to the Financial Statements
For the Year Ended 31 December 2014 (Continued)

20. Capital Commitments

	2014 £	2013 £
Capital expenditure that has been contracted for but has not been provided for in the financial statements	**4,097,313**	10,385,466
Capital expenditure that has been authorised by the Board of Management but has not yet been contracted for	**9,338,787**	10,784,877
	13,436,100	21,170,343

It is anticipated that the committed amount will be funded by grants and private finance.

21. Revenue Social Housing Grant

Social Housing Grant received to date and dealt with in the income and expenditure account is £Nil (2013: £Nil)

22. Operating Leases

The Association holds properties,vehicles and office equipment under non-cancellable operating leases At 31 December 2014 the Association had annual commitments under these leases as follows:-

Leases expiring:	2014 £	2013 £
Within one year	**167,283**	167,028
In one to two years	**142,184**	113,133
In two to five years	**233,168**	119,391
In more than five years	**311,102**	220,150

23. Units/Bedspaces

The Association had the following units in management at 31 December:

	2014 Nos.	2013 Nos.
Housing accommodation	**2,403**	2,375
Student Accommodation	**201**	201
Supported Housing	**180**	192
Shared Ownership	**34**	34
Managed by Agents	**243**	222
	3,061	3,024

24. Sale of Properties not developed for outright sale:

	2014	2013
	£	£
Proceeds of sales	**388,753**	527,361
Less: Costs of sales	**(150,901)**	(463,920)
	237,852	63,441

25. Related Parties

At 31 December 2014 there were two members of the Association's Board, Alan Markbride and David Tinwell, who were also tenants of the Association. Their tenancies are on normal terms and neither Mr Markbride nor Mr Tinwell can use his position on Impact's Board for any advantage. Mr M. Muir, Impact C.E., and Mr. G. Wilson, Impact Finance Director, are both directors of the Whitehaven Foyer Company Limited.

26. SHG Received (both Grant and Revenue)	2014	2013
	£	£
	84,153,563	82,891,327