

**LONDON CYRENIANS HOUSING LIMITED**

**FINANCIAL STATEMENTS**

**For the year ended**

**31 MARCH 2004**



# **LONDON CYRENIANS HOUSING LIMITED**

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## **LONDON CYRENIANS HOUSING LIMITED**

### **LEGAL AND ADMINISTRATIVE DETAILS**

<b>STATUS</b>	Company limited by guarantee without share capital and registered as a charity
<b>REGISTERED OFFICE</b>	153 – 155 Kensington High Street London W8 6SU
<b>HONORARY OFFICERS</b>	Stephen Bashorun (Chair) Christina Watson (Treasurer) Tony Schiemann (Secretary)
<b>BANKERS</b>	Barclays Bank plc Willesden and Notting Hill Group PO Box 3750 London NW10
<b>AUDITORS</b>	Nexia Audit Limited Chartered Accountants No 1 Riding House Street London W1A 3AS
<b>ACCOUNTANTS &amp; FINANCIAL ADVISERS</b>	Smith & Williamson Limited No 1 Riding House Street London W1A 3AS
<b>SOLICITORS</b>	Trowers & Hamlins Sceptre Court 40 Tower Hill London EC3N 4DX
<b>COMPANY REGISTRATION NUMBER</b>	1197478
<b>CHARITY REGISTRATION NUMBER</b>	269158
<b>REGISTERED SOCIAL LANDLORD NUMBER</b>	LH4377

## **LONDON CYRENIANS HOUSING LIMITED**

### **REPORT OF THE COUNCIL OF MANAGEMENT for the year ended 31 MARCH 2004**

The Council of Management presents its report and the accounts for the year ended 31 March 2004. The balance sheet and income and expenditure account are produced later in the report and full copies of the audited accounts are available upon request to the Registered Office of London Cyrenians Housing (LCH).

#### **Activities**

The principal activity of the company continues to be the provision of housing, support and care to single people with a range of complex needs.

#### **Review of the Business**

LCH was delighted to become a Registered Social Landlord during the year and this new status will increase the number and range of development opportunities available to the organisation.

LCH's aim continues to be the provision of high quality housing with care and support to those in need of supported accommodation with a wide range of housing and support options available.

We are pleased to report that 2003/2004 has been another rewarding year when we have continued to:

- Support more people
- Explore best value options.
- Maximise existing resources.
- Enable capital allocations to be focused on the creation of quality specification and building design.

The year has seen:

- Major capital investment in three projects to enable complete remodelling of twenty nine units into individual studio flats in response to current identified needs of service users for more self-contained studio accommodation in a medium support environment.
- Two new projects coming to fruition.
- One new visiting support service being established.
- Effective implementation of the new Supporting People funding regime.
- Ongoing dialogue to explore the accommodation requirements of service users with high support needs.
- Gross revenue growing by £233,000 whilst expenditure remained in line with this level of growth.

The Council of Management are pleased to report that maximum use of resources continue to be targeted at front line service delivery effectively supported by a lean yet efficient central team. We welcome the opportunity, as we look ahead, to continue to provide quality services to all our service users. Our new 5 year strategic plan published in February 2004 following successful Council of Management review sessions, includes detailed proposals for implementing and monitoring the outcomes of the objectives we have set ourselves in a planned and measured way. The training audit undertaken last year has resulted in members undertaking relevant refreshers and briefings to ensure that they are fully equipped with the skills and knowledge required to continue to run the affairs of the Company. Board members have a comprehensive handbook detailing recruitment and induction process which was updated in January 2003.

## **LONDON CYRENIANS HOUSING LIMITED**

### **REPORT OF THE COUNCIL OF MANAGEMENT for the year ended 31 MARCH 2004 (continued)**

#### **Risk Management**

As previously reported, there is a formal risk management process to assess business risks and implement risk management strategies. As part of LCH's business planning process, the Council of Management has:

- Drawn up a risk register which provides dates and details of actions to be taken to reduce risk. This involved identifying the types of risk LCH faces, prioritising them in terms of potential impact and likelihood of occurrence and identifying means of mitigating the risks.
- Reviewed the adequacy of internal financial controls.
- Purchased a range of appropriate insurance policies.
- Satisfied themselves that LCH's internal financial controls, in particular, comply in all material respects with guidelines issued by the Housing Corporation.

The Council of Management recognises that most of LCH's funding contracts have been frozen whilst the organisation is still expected to meet inflation and incremental staff costs and will be seeking ways in which to resolve this in the year ahead.

#### **Reserves**

The total level of reserves will:

- Be maintained at a level that is prudent to ensure the continuing effective operation of the organisation.
- Conform with the requirements of funders that no more than 10% of annual income received in any one year will form part of additional unrestricted funds.

The Council of Management recognises that the level of reserves do not currently reflect three months working capital based on current expenditure and will continue to seek to redress this in the year ahead.

This year's audited accounts show that the total amount in the general reserve of £42,000 is within the requirements of the funders as mentioned above.

LCH has transferred £300,000 from general reserve to designated reserve during the year comprising: £50,000 to meet potential employees contractual obligations; £200,000 to increase the property sinking fund to ensure LCH's ageing owned properties are adequately maintained and conform with current health and safety and security standards; £50,000 for new development work in relation to a newly acquired property.

#### **Council of Management**

The following served as company directors and charity trustees during the year:

O. Apata (resigned 26/02/04)	S. Manifold	J. Ridley
S. Bashorun	S. Martin	H. Rose
G. Bowman	R. McIvor	C. Thompson
M. Homer (resigned 24/07/03)	D. Piggin	C. Watson

In addition, D. Howard was appointed on 20 May 2004.

## **LONDON CYRENIANS HOUSING LIMITED**

### **REPORT OF THE COUNCIL OF MANAGEMENT for the year ended 31 MARCH 2004 (continued)**

All members of the Council of Management are members of the Company and guarantee to contribute to the assets of the company in the event of it being wound up such amounts, as may be required, not exceeding £1. The number of guarantees at 31 March 2004 was 11 (2003 – 12). Members of the Council of Management have no beneficial interest in the Company and are not remunerated. They are indemnified by the Company against legal action arising in the course of their duties by an agreement arranged by the National Housing Federation. Council of Management members (Trustees of the Charity) are appointed following an open recruitment process, meetings with senior members of staff, attendance as observers at 3 board meetings and an interview with the Chair of LCH, all in accordance with LCH's written procedure.

#### **Auditors**

A tendering exercise was carried out in the Autumn of 2003 and a decision taken to re-appoint Nexia Auditors to act as Auditors to London Cyrenians Housing. A resolution to re-appoint the firm for the year 2004/05 will be submitted to the Annual General Meeting of the Company in September 2004.

**APPROVED BY THE COUNCIL OF MANAGEMENT  
AND SIGNED ON ITS BEHALF**



Stephen Bashorun  
Chair

## **LONDON CYRENIANS HOUSING LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES WITH RESPECT TO THE ACCOUNTS**

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the income and expenditure of the Company for that period. In preparing those financial statements, the Directors are required to:

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

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company, and to enable them to ensure that the financial statements comply with the Companies Act 1985, the Housing Act 1996 and the Accounting Requirements for Registered Social Landlords General Determination 2000. They are also responsible for safeguarding the assets of the Company, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# Nexia Audit

— Limited —

## Independent auditors' report to the members of London Cyrenians Housing Limited

We have audited the accounts of London Cyrenians Housing Limited for the year ended 31 March 2004 on pages 8 to 19. These accounts have been prepared under the historical cost convention and the accounting policies set out therein.

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

### Respective responsibilities of the Board and auditors

As described on page 6 the Company's Council of Management are responsible for the preparation of the accounts in accordance with applicable law and United Kingdom Accounting Standards and the relevant Statement of Recommended Practice.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985 and Schedule 1 to the Housing Act 1996 and the Accounting Requirements for Registered Social Landlords General Determination 2000. We also report to you if, in our opinion, the Board Report is not consistent with the accounts, if the Company has not kept proper accounting records and if we have not received all the information and explanations we require for our audit.

We read the Board Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the Board in the preparation of the accounts, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

### Opinion

In our opinion the accounts give a true and fair view of the state of the Company's affairs as at 31 March 2004 and of its income and expenditure for the year then ended, and have been properly prepared in accordance with Companies Act 1985 and Schedule 1 to the Housing Act 1996 and the Accounting Requirements for Registered Social Landlords Determination 2000.

*Nexia Audit Limited*

Nexia Audit Limited  
Chartered Accountants  
Registered Auditors

1 Riding House Street  
London  
W1A 3AS

Date 29 July 2004

**LONDON CYRENIANS HOUSING LIMITED****INCOME AND EXPENDITURE ACCOUNT for the year ended 31 MARCH 2004**

	Notes	2004 £	2003 £
Turnover		4,818,322	4,585,458
Operating costs		(4,768,282)	(4,553,079)
<b>Operating surplus</b>		<b>50,040</b>	<b>32,379</b>
Interest receivable	3	38,214	32,408
<b>Surplus for the year on ordinary activities</b>		<b>88,254</b>	<b>64,787</b>
Transfer to designated reserves	12	(300,900)	(205,000)
<b>Deficit for the year after transfers to restricted and designated reserves</b>		<b>(211,746)</b>	<b>(140,213)</b>

All amounts relate to continuing activities.

**LONDON CYRENIANS HOUSING LIMITED****STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended 31 MARCH 2004**


	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
<b>Surplus for the year on ordinary activities</b>	<b>88,254</b>	<b>64,787</b>
<b>Prior year adjustment (note 19)</b>	<b>200,000</b>	<b>-</b>
	<hr/>	<hr/>
<b>Total surplus recognised since last annual report</b>	<b>288,254</b>	<b>64,787</b>
	<hr/>	<hr/>

# LONDON CYRENIANS HOUSING LIMITED

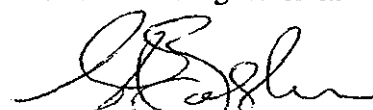
## BALANCE SHEET as at 31 MARCH 2004

	Notes	2004 £	2003 £ (restated)
<b>Fixed assets</b>			
Housing properties		682,950	682,950
Less: depreciation		(399,797)	(243,349)
	7	<u>283,153</u>	<u>439,601</u>
Other fixed assets	8	-	455
Investments:			
Starter Homes loan		20,000	20,000
Starter Homes grant		<u>(20,000)</u>	<u>(20,000)</u>
		<u>283,153</u>	<u>440,056</u>
<b>Total fixed assets</b>		283,153	440,056
<b>Current assets</b>			
Debtors	9	1,177,780	255,105
Cash at bank and investments		<u>1,133,845</u>	<u>1,538,905</u>
		2,311,625	1,794,010
Creditors: amounts falling due in less than one year	10	<u>(1,432,293)</u>	<u>(1,159,835)</u>
<b>Net current assets</b>		879,332	634,175
<b>Total assets less current liabilities</b>		<u>1,162,485</u>	<u>1,074,231</u>
<b>Capital and reserves</b>			
Designated reserves	11	1,120,195	820,195
General reserves	12	42,290	254,036
		<u>1,162,485</u>	<u>1,074,231</u>

These financial statements were approved by the Council of Management on 22 July 2004 and were signed on its behalf by:



Christina Watson, Treasurer

  
Stephen Bashorun, Chair

**LONDON CYRENIANS HOUSING LIMITED**

**CASH FLOW for the year ended 31 MARCH 2004**

	Notes	£	2004 £	£	2003 £ (restated)
<b>Net cash (outflow)/inflow from operating activities</b>	13		(443,274)		859,559
<b>Returns on investments and servicing of Finance</b>					
Interest received		38,214		32,408	
			38,214		32,408
<b>(Decrease)/increase in cash</b>			(405,060)		891,967

# **LONDON CYRENIANS HOUSING LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2004**

### **1. Accounting policies**

The following accounting policies have been applied consistently in dealing with items which are considered to be material in relation to the accounts of the Company.

#### **Basis of Accounting**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards with special regard to the Statement of Recommended Practice "Accounting by Registered Social Landlords" (Update 2002) (the "SORP").

#### **Turnover**

Charges to residents and income from investments are included in the Income and Expenditure account in the year in which they are receivable. Voluntary income is received by way of donation and gifts and is included in full in the Income and Expenditure account when received.

Revenue grants are credited to the Income and Expenditure account when received, unless they relate to a specified future period, in which case they are recognised in the Income and Expenditure account in the appropriate period. Legacies are recognised at the date on which the solicitors acting for the estate confirm that an amount will be payable.

#### **Fixed Assets and Depreciation**

The capital cost of housing properties includes the purchase price and alteration works but not associated professional fees which are written off as incurred. Housing properties are stated at cost less capital grants and capital donations and less any provision for any diminution in value, and less depreciation.

Fixed assets are depreciated at varying rates in order to write off the cost less estimated residual value of the assets over their useful economic lives. The useful lives are estimated as follows:

Office furniture & equipment	-	3 years
Hostel furniture & equipment	-	3 years
Motor Vehicles	-	3 years
Housing properties excluding land	-	10 years

During the year the directors made the decision to reduce the useful economic life of the housing properties from 20 years to 10 years. This change was made to better reflect the consumption of the economic benefit of these assets.

Freehold land is stated at cost and not depreciated.

#### **Value added tax**

The Company is not registered for VAT purposes and expenditure is shown gross of any value added tax.

# **LONDON CYRENIANS HOUSING LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2004 (continued)**

### **1. Accounting policies (continued)**

#### **Pension costs**

The Company contributes to certain employees' personal pension plans on a defined contribution basis. The pension cost charge represents the contributions payable under the scheme by the Company to the fund. The Company has no liability under the scheme other than for the payment of those contributions.

#### **Designations**

Designated reserves are unrestricted reserves earmarked by the Council of Management for particular purposes. The designations are as follows:-

- Contractual obligations to employees: Funds to meet contractual obligations regarding maternity, redundancy, pensions or long term sickness not covered by the group Health Scheme.
- Property sinking fund: Fund to ensure that the property the company owns and existing schemes which are ageing are maintained and kept up to new standards of Health and Safety and security. It is also provided to cover works not covered by the Company's cyclical programme.
- New developments: In order to ensure that LCH is in a position to bid for and provide new schemes and innovative services in accordance with the 5 year plan.
- Property fund: The fund which resources the purchase and development of property within the aims of the company.

#### **Provisions**

The Company only provides for contractual liabilities.

#### **Operating leases**

Rentals under operating leases are charged on a straight line basis over the lease term.

#### **Starter Home Schemes**

The Company has received funds from the Government to on-lend to employees to assist them with the purchase of a home. The amounts received and lent are shown on the face of the balance sheet. The loan to the purchaser is treated as a fixed asset investment at cost and the grant is offset against the fixed asset investment.

<b>2. Surplus for the year</b>	<b>2004</b>	<b>2003</b>
<b>Is stated after charging/(crediting):-</b>	<b>£</b>	<b>£</b>
Depreciation – housing properties	156,448	34,148
Depreciation – other fixed assets	455	5,988
Auditors' remuneration – audit services	13,995	16,000
Council of Management's expenses	4,595	1,399
Rent of land and buildings	22,085	22,085
	<hr/>	<hr/>

# LONDON CYRENIANS HOUSING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2004 (continued)

### 3. Interest receivable

	£	£
Bank interest	6,934	5,401
Charity deposit	31,280	27,007
	<hr/>	<hr/>
	38,214	32,408
	<hr/>	<hr/>

### 4. Directors' emoluments

	£	£
The aggregate emoluments paid to or receivable by Directors.	232,067	213,504
	<hr/>	<hr/>
The emoluments paid to the highest paid Director of the Company excluding pension contributions	55,029	51,063
	<hr/>	<hr/>

The directors of the Company do not receive any remuneration and the above amounts relate solely to the Senior Management Team

### 5. Employee information

	2004 No.	2003 No.
The average weekly number of persons (including the Chief Executive) employed during the year (full time equivalents)	143	134
	<hr/>	<hr/>
Staff costs (for the above persons)	£	£
Wages and salaries	2,985,262	2,445,191
Social security costs	248,675	202,319
Pension costs	75,575	74,368
	<hr/>	<hr/>
	3,309,512	2,721,878
	<hr/>	<hr/>

### 6. Taxation status

The Company has charitable status for taxation purposes.

# LONDON CYRENIANS HOUSING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2004 (continued)

7. Housing properties	Total £
<b>Cost</b>	
At 1 April 2003 and at 31 March 2004	682,950
<b>Depreciation</b>	
At 1 April 2003	243,349
Charge for year	156,448
At 31 March 2004	399,797
<b>Net book value</b>	
At 31 March 2004	283,153
At 31 March 2003	439,601

All properties are freehold housing. During the year the useful economic life of the housing properties was reduced from 20 years to 10 years. Following the treatment specified in FRS15, this has resulted in the annual depreciation charge rising from £34,148 to £156,448.

## 8. Other tangible fixed assets

	Office furniture & plant and equipment £	Hostel furniture & equipment £	Motor vehicles £	Total £
<b>Cost</b>				
At 1 April 2003 and at 31 March 2004	64,122	97,802	16,594	178,518
<b>Depreciation</b>				
At 1 April 2003	63,667	97,802	16,594	178,063
Charge for year	455	-	-	455
At 31 March 2004	64,122	97,802	16,594	178,518
<b>Net book value</b>				
At 31 March 2004	-	-	-	-
At 31 March 2003	455	-	-	455

# LONDON CYRENIANS HOUSING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2004 (continued)

9. Debtors	2004 £	2003 £
Gross arrears of charges to residents and other statutory bodies	126,085	184,909
Less provision for bad debts	(78,252)	(106,565)
	<hr/> 47,833	<hr/> 78,344
Revenue grants receivable	222,780	98,424
Other debtors	7,167	3,440
Prepayments and accrued income	900,000	74,897
	<hr/> 1,177,780	<hr/> 255,105

10. Creditors: amounts falling due within one year	2004 £	2003 £ (restated)
Trade creditors	43,788	592,515
Residents' charges in advance	103,864	75,232
Other tax and social security	93,023	63,806
Other creditors	144,477	113,586
Accruals and deferred income	1,047,141	314,696
	<hr/> 1,432,293	<hr/> 1,159,835

11. Unrestricted reserves	Contractual obligations to employees £	Property sinking fund £	New developments £	Property fund £	Total £
Designated reserves					
At 1 April 2003	66,500	200,000	130,000	423,695	820,195
Transfer from general reserve	50,000	200,000	50,000	-	300,000
	<hr/> 116,500	<hr/> 400,000	<hr/> 180,000	<hr/> 423,695	<hr/> 1,120,195
At 31 March 2004					

# LONDON CYRENIANS HOUSING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2004 (continued)

12. General reserve	General Reserve £
At 1 April 2003 as previously reported	54,036
Prior year adjustment (note 19)	200,000
Restated balance at 1 April 2003	254,036
Surplus for the year	88,254
Transfers to other reserves	(300,000)
At 31 March 2004	42,290

## 13. Reconciliation of operating surplus to net cash (outflow)/inflow from operating activities

	2004 £	2003 £ (restated)
Operating surplus	50,040	32,379
Depreciation	156,903	40,136
Increase in debtors	(922,675)	(16,524)
Increase in creditors	272,458	803,568
	(443,274)	859,559

## 14. Analysis of change in net debt

	At 1 April 2003 £	Cashflow £	At 31 March 2004 £
Cash at bank and in hand	1,538,905	(405,060)	1,133,845

# **LONDON CYRENIANS HOUSING LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2004 (continued)**

### **15. Reconciliation of net cash flow to movement in net funds**

	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
Change in cash in the period	(405,060)	891,967
Net funds at start of the year	1,538,905	646,938
Net funds at end of the year	<u>1,133,845</u>	<u>1,538,905</u>

### **16. Housing units at end of year – supported housing**

	<b>2004</b>	<b>2003</b>
	<b>Units</b>	<b>Units</b>
Owned	24	18
Managed	154	149
	<u>178</u>	<u>167</u>

### **17. Payment of creditors**

	<b>2004</b>	<b>2003</b>
	<b>4</b>	
The average number of days between receipt and payment of purchase invoices	29	26

### **18. Operating leases**

The Company had annual commitments under non-cancellable operating leases expiring as set out below:

	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
<b>Land and buildings</b>		
After more than five years	22,085	22,085
<b>Other</b>		
Between 2 and five years	-	40,000
	<u>22,085</u>	<u>62,085</u>

## 19. Prior year adjustment

As a result of becoming a Registered Social Landlord, the financial statements now have to comply with the "Accounting by Registered Social Landlords Statement of Recommended Practice 2002" ("the RSL SORP"). A prior year adjustment has been processed to reflect this change in accounting policy and the comparative figures have been re-stated.

The effect of the prior year adjustment on the balance sheet at 31 March 2003 is to reduce accruals by £200,000 and to increase general funds by £200,000.

There was no effect on the surplus for the year ended 31 March 2003. The total gains recognised since the last financial statements in relation to this prior year adjustment are £200,000.

## 20. Capital commitment

	2004 £	2003 £
Capital expenditure which has been authorised by the Council of Management but not yet contracted for	200,000	200,000