

Company Registered Number 1197478

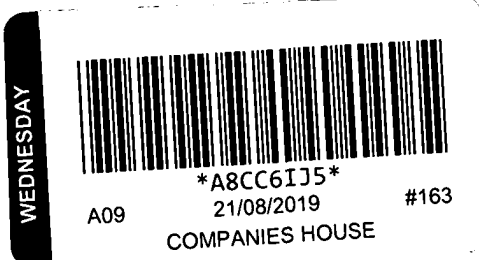
Charity Registered Number 269158

London Cyrenians Housing Limited

Report and financial statements

for the year ended

31 MARCH 2019



LONDON CYRENIANS HOUSING LIMITED

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LONDON CYRENIANS HOUSING LIMITED

LEGAL AND ADMINISTRATIVE DETAILS

STATUS	Company limited by guarantee without share capital and registered as a charity
REGISTERED OFFICE	Carlyle House 235-237 Vauxhall Bridge Road London SW1V 1EJ
HONORARY OFFICERS	Stephen Bashorun (Chair) Michael Driver (Chair of Finance C'tte) James McNicholas (Secretary)
BANKERS	Barclays Bank plc Level 27 1 Churchill Place Canary Wharf London E14 5HP
AUDITOR	Nexia Smith & Williamson 25 Moorgate London EC2R 6AY
ACCOUNTANTS & FINANCIAL ADVISERS	Smith & Williamson LLP 25 Moorgate London EC2R 6AY
SOLICITORS	Trowers & Hamlins Fiona Campbell Oliver Fisher
COMPANY REGISTERED NUMBER	1197478
CHARITY REGISTERED NUMBER	269158
REGISTERED PROVIDER OF SOCIAL HOUSING NUMBER	LH4377

LONDON CYRENIANS HOUSING LIMITED

REPORT OF THE BOARD OF TRUSTEES AND STRATEGIC REPORT for the year ended 31 MARCH 2019

The Board of Trustees presents its report and accounts for the year ended 31 March 2019. The Income and Expenditure Account, Statement of Financial Position, Statement of Changes in Equity and Reserves, and Statement of Cash Flows are included later in this report.

Activities

The principal activity of the Company is the provision of housing and support to single vulnerable people with a range of complex needs.

Public Benefit

In setting objectives and planning our activities we have given careful consideration to the Charity Commission's general guidance on public benefit. All our activities are undertaken in furtherance of our charitable purposes which are for the public benefit.

Review of Affairs

The Company's main focus for 2018/19 was to review our key activities and identify those areas where we could improve the range, quality and variety of the services provided to our service users. Many of the improvements were completed during the year and others are still in progress.

Capital spending on our owned buildings has been carefully targeted so as to obtain the best outcome for the amount of expenditure incurred. The programme established for building new units, or enlarging some of our owned buildings, is progressing and the necessary planning consents have/are been obtained for several properties which will enable the construction work to commence in 2019/20.

Staff training and development has been concentrated on providing carefully focused learning with a high degree of relevance to our core activities. Where appropriate, online training courses have been used and these have proved to be very popular and cost effective. We are also arranging for our own staff to be coached as instructors so that more training can be delivered in-house.

All our services are now comprehensively risk assessed every year by an external health and safety consultant providing reassurance that the services are being delivered within a safe and secure environment. Any shortcomings identified are dealt with promptly by our management team.

Wherever feasible we have used the latest technology to improve the provision of our services and frequently ask service users to provide feedback on the upgrades which is usually very positive.

An efficiency programme has been operated during the year and the benefits derived from this exercise have been channelled back into services users services.

Our growth path and developments are closely aligned with the aims and objectives in our strategic plan and we are proud to be consistently ranked amongst the best providers in our sector.

We would like to take this opportunity to thank our service users and staff for their commitment and dedication, to thank our Commissioners for their ongoing support plus constructive feedback and to thank our Board for their guidance and forward thinking.

LONDON CYRENIANS HOUSING LIMITED

REPORT OF THE BOARD OF TRUSTEES AND STRATEGIC REPORT for the year ended 31 MARCH 2019 (continued)

Risks and uncertainties in the immediate future and the system of risk management in place

In common with the whole of the supported housing sector, the principal risks facing the organisation are as follows:

1. The continuing decline in the value of support contracts.
2. The introduction of the Universal Credit benefit system and the potential threat to the Company's "exempt" status arising from the Housing Benefit reorganisation.
3. The difficulty in recruiting suitably skilled and able support staff.

The Company operates a risk management system for assessing business risks utilising appropriate risk management techniques. As part of Cyrenians' business planning process, the Board:-

- Reviews and updates the risk management process and undertakes reviews of key policies and procedures. These include reviewing the types of risk Cyrenians faces; prioritising risks in terms of potential impact; assessing the likelihood of occurrence; and identifying measures for mitigating the risks.
- Maintains appropriate insurance cover.
- Satisfies themselves that Cyrenians' internal controls are consistent with best practice and provide a sound basis for managing our affairs.

Disabled persons

Fair consideration is given to disabled applicants who seek employment with the Company. The Company will also where appropriate provide training and other support to members of staff who become disabled during their employment.

Employee information

Employees are provided with regular bulletins about the organisation's activities and development plans. Employees also receive briefings through formal and informal Company meetings, staff conference, supervisions, appraisals, and ad hoc meetings and events. The Company values the feedback from its employees which it collects and reviews on a regular basis.

Key performance indicators

The Company's key performance indicators are occupancy, staff turnover and arrears. Performance against these for 2018/19 was as follows:

	2019	2018
Occupancy	89%	92%
Staff turnover	23.6%	27.3%
Arrears	4.9%	5.2%

LONDON CYRENIANS HOUSING LIMITED

REPORT OF THE BOARD OF TRUSTEES AND STATEGIC REPORT for the year ended 31 MARCH 2019 (continued)

Occupancy levels in 2018/19 were impacted by major works in two properties which involved units being vacant while the work was carried out and replacement service users obtained. Initiatives introduced to reduce staff turnover have had a positive effect. The improvement in arrears is extremely encouraging.

Value for Money Metrics

The following VfM metrics have been calculated as recommended by the Regulator of Social Housing:

- **Reinvestment** - There was no capital reinvestment during the year, but there was significant revenue expenditure on maintenance of the housing stock.
- **New supply delivered** – There were no additions to the managed services or owned properties during the financial year. A state of the art health care suite was commissioned in Hounslow.
- **Gearing** - London Cyrenians has no borrowing.
- **EBITDA MRI-Interest cover** - London Cyrenians has no borrowing and therefore no interest to cover.
- **Headline social housing cost per unit** - £8,300 (2018: £6,550)
The low cost per unit reflects the stringent cost control measures in place. The lower than usual prior year amount results from an accounting adjustment.
- **Operating margin** – 4.0% (2018: 1.85%)
- **Return on capital employed (ROCE)** - 3.63% (2018: 2.01%)

Given the specialist nature of our organisation, meaningful benchmarking metrics are not available. The Company has produced a Social Value Report as a contribution to the future development of the supported housing sector.

Level of Reserves

In line with best practice Cyrenians seeks to maintain unrestricted reserves and working capital at a level that is prudent and sufficient to ensure that the Company's current and planned future activities can be operated effectively and to enable any unexpected financial interruption to be satisfactorily managed. No more than 10% of income in any one year is used to increase unrestricted reserves which is a funder requirement. To satisfy these policy objectives Cyrenians aims to maintain its designated and general reserves at a level equivalent to the proportion of projected income which equates to the usual notice period in our operational contracts.

The Board of Trustees (directors and trustees of the company) are appointed following: an open recruitment process; meetings with senior members of staff; attendance as observers at three board meetings; and an interview with the Cyrenians Chair: all these steps are in accordance with Cyrenians' written procedures. The following served during the period:

S. Bashorun
D. Cammiade
A. Diggle
M. Driver

H. Maxwell
Dr B. Punukollu (resigned 27.09.2018)
L. Semmens
Prof B. Thomas

LONDON CYRENIANS HOUSING LIMITED

REPORT OF THE BOARD OF TRUSTEES AND STRATEGIC REPORT for the year ended 31 MARCH 2019 (continued)

C. Makin (resigned 27.09.2018)

C. Thompson

J. Ward-Smith (appointed 28.02.2019)

S. Chamberlain (appointed 05.06.2018)

All members of the Board 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 2019 was ten (2018-10).

Members of the Board 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.

DIRECTORS' RESPONSIBILITIES STATEMENT

The Board is responsible for preparing a Report of the Board of Trustees and Strategic Report and the financial statements in accordance with applicable law and regulations.

The law requires the Board to prepare financial statements for each financial year. Under that law the Board has elected to prepare the Company's financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". The Board must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the surplus or deficit for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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 Board 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 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015. 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.

Auditor

A resolution to re-appoint Nexia Smith & Williamson LLP as auditor to the Company will be submitted to the Annual General Meeting in September 2019.

This report was approved by the Board of Trustees on 25 July 2019 and signed on its behalf by:



Stephen Bashorun
Chair

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LONDON CYRENIANS
HOUSING LIMITED****Opinion**

We have audited the financial statements of London Cyrenians Housing Limited (the 'charitable company') for the year ended 31 March 2019 which comprise the Income and Expenditure Account, the Statement of Financial Position, the Statement of Changes in Equity and Reserves, the Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2019 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered providers Social Housing 2015.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the Report and financial statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LONDON CYRENIANS HOUSING LIMITED (CONTINUED)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Board of Trustees and Strategic Report prepared for the purpose of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Board of Trustees and Strategic Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Board of Trustees and Strategic Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

LONDON CYRENIANS HOUSING LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LONDON CYRENIANS HOUSING LIMITED (CONTINUED)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company'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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Nexia Smith & Williamson

Julie Mutton
Senior Statutory Auditor, for and on behalf of
Nexia Smith & Williamson
Statutory Auditor
Chartered Accountants

25 Moorgate
London
EC2R 6AY

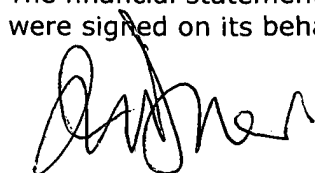
Date: 1 August 2019

LONDON CYRENIANS HOUSING LIMITED

INCOME AND EXPENDITURE ACCOUNT for the year ended 31 March 2019

	Note	2019	2018
		£	£
Turnover	3	12,212,968	11,887,668
Operating expenditure		(11,733,571)	(11,671,810)
Operating surplus	3	479,397	215,858
Other income		79,184	69,513
Interest receivable and similar income	7	50,663	47,528
Gain/(loss) on fair value of investment	18	6,799	(5,719)
Surplus before property revaluation		616,043	327,180
Gain on revaluation of investment property	8	816,349	699,300
Surplus for the financial year		1,432,392	1,026,480

The financial statements were approved by the Board of Trustees on 25 July 2019 and were signed on its behalf by:



Michael Driver, Chair of Finance Committee



Stephen Bashorun, Chair

Registered number 1197478 England and Wales

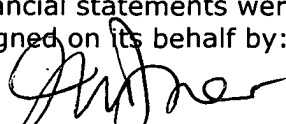
The notes on pages 15 to 25 form part of these financial statements.

LONDON CYRENIANS HOUSING LIMITED

STATEMENT OF FINANCIAL POSITION as at 31 March 2019

	Notes	2019	2018
		£	£
Fixed assets			
Investment property	8	2,943,070	1,706,995
Tangible assets – housing properties	9	8,209,182	9,151,401
		<u>11,152,252</u>	<u>10,858,396</u>
Current assets			
Debtors	10	360,190	455,531
Financial assets-investments	18	253,999	247,200
Cash at bank and in hand	11	8,894,293	8,372,859
		<u>9,508,482</u>	<u>9,075,590</u>
Creditors: amounts falling due in less than one year	12	<u>(3,444,862)</u>	<u>(3,676,526)</u>
Net current assets		<u>6,063,620</u>	<u>5,399,064</u>
Total assets less current liabilities		<u>17,215,872</u>	<u>16,257,460</u>
Provisions for liabilities	13	<u>(6,924,378)</u>	<u>(7,398,358)</u>
Net assets		<u>10,291,494</u>	<u>8,859,102</u>
Capital and reserves			
Designated reserves	14	1,420,195	1,420,195
Revaluation reserves		1,515,649	699,300
General reserves		<u>7,355,650</u>	<u>6,739,607</u>
		<u>10,291,494</u>	<u>8,859,102</u>

The financial statements were approved by the Board of Trustees on 25 July 2019 and were signed on its behalf by:


Michael Driver, Chair of Finance Committee


Stephen Bashorun, Chair

Registered number 1197478 England and Wales

The notes on pages 15 to 25 form part of these financial statements.

LONDON CYRENIANS HOUSING LIMITED

STATEMENT OF CHANGES IN EQUITY AND RESERVES FOR THE YEAR ENDED 31 MARCH 2019

	Notes	Designated Reserves £	General Reserves £	Revaluation Reserve £	Total Reserves £
At 1 April 2017		1,420,195	6,412,427	-	7,832,622
Total Comprehensive Income		-	1,026,480	-	1,026,480
Transfer to reserves		-	(699,300)	699,300	-
At 1 April 2018		1,420,195	6,739,607	699,300	8,859,102
Total Comprehensive Income		-	1,432,392	-	1,432,392
Transfers between reserves		-	(816,349)	816,349	-
At 31 March 2019		1,420,195	7,355,650	1,515,649	10,291,494

The notes on pages 15 to 25 form part of these financial statements.

LONDON CYRENIANS HOUSING LIMITED

STATEMENT OF CASH FLOWS for the year ended 31 March 2019

	Notes	2019 £	2018 £
Net cash generated from operating activities	A	470,771	1,011,730
Investing activities			
Interest received		50,663	47,528
Proceeds from disposal of investments		-	37,625
Net cash generated from investing activities		50,663	85,153
Financing activities			
Interest paid		-	-
Net cash generated from/(used in) financing activities		-	-
Net increase in cash and cash equivalents		521,434	1,096,883
Cash and cash equivalents at beginning of the year		8,372,859	7,275,976
Cash and cash equivalents at end of year		<u>8,894,293</u>	<u>8,372,859</u>

The notes on pages 15 to 25 form part of these financial statements.

LONDON CYRENIANS HOUSING LIMITED

NOTES TO THE STATEMENT OF CASH FLOWS for the year ended 31 MARCH 2019

A RECONCILIATION OF SURPLUS TO NET CASH GENERATED FROM OPERATING ACTIVITIES

	2019	2018
	£	£
Surplus for the financial year	1,432,392	1,026,480
Gain on revaluation of investment property	(816,349)	(699,300)
(Gain)/loss on fair value of investment	(6,799)	5,719
Interest receivable and similar income	(50,663)	(47,527)
Depreciation charge on tangible fixed assets	522,493	585,821
Decrease in debtors	95,341	99,862
Decrease in creditors	(231,664)	(3,006,940)
(Decrease)/increase in provisions	(473,980)	3,047,615
	<hr/>	<hr/>
Net cash generated from operating activities	470,771	1,011,730
	<hr/>	<hr/>

LONDON CYRENIANS HOUSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2019

1 Accounting policies

The principal accounting policies are summarised below.

Basis of preparation

London Cyrenians Housing Limited is a company limited by guarantee without share capital and registered as a charity, incorporated in England and Wales. The address of the registered office is Carlyle House, 235-237 Vauxhall Bridge Road, London, SW1V 1EJ. The company meets the definition of a Public Benefit Entity per FRS 102.

The financial statements are prepared in accordance with applicable accounting standards and with the Statement of Recommended Practice, Accounting by registered social housing providers 2014, ("the SORP") issued by the National Housing Federation. The financial statements also comply with the Accounting Direction for private registered providers of social housing 2015 ("the Direction").

These financial statements are prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". The financial statements have been prepared under the historical cost convention, except where otherwise stated.

Basis for consolidation

The Company is a parent undertaking as disclosed in note 17. The Company has taken exemption from preparing consolidated financial statements under FRS 102 on the basis that its subsidiary is permitted to be excluded from consolidation by section 405 of the Companies Act 2006 on the basis that its inclusion is not material for the purpose of giving a true and fair view. Given that the subsidiary is dormant, these financial statements disclose the result of the Company only.

Going concern

The Board have prepared these financial statements on a going concern basis. This follows a review of expected future cash flows taking into account the timing of expected income and expenditure. Based on that review, the Board consider that all of the Company's liabilities will be met at or before the point they fall due.

Turnover

Charges to residents and income from investments are included in the Income and Expenditure account in the year to which they relate.

Voluntary income is received by way of donation and gifts and is included in full in the Income and Expenditure account when received unless it is provided for a specific purpose in which case it is recognised in the Income and Expenditure account in the period in which the relevant expenditure is incurred.

Revenue grants including Supporting People are credited to the Income and Expenditure account in the period to which they relate.

Legacies are recognised at the date on which the solicitors acting for the estate confirm that an amount will be payable.

LONDON CYRENIANS HOUSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2019

1 Accounting policies (continued)

Fixed assets and depreciation

The capital cost of housing properties includes the purchase price and alteration works where this enhances the economic benefit of the property. Housing properties are stated at cost less accumulated depreciation and any recognised impairment losses.

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

Property	13 years
Motor vehicles	3 years

The land element of property is not depreciated.

The Company has elected not to adopt component accounting in respect of its housing properties. This decision was taken due to the fact that the useful life that would be applied to individual components was not deemed to be materially different from the 13 year useful life of property stated above. The Company will seek to component account in the future if significant additions are made to its housing stock or substantial works are undertaken on an existing property which require capitalisation.

Impairment of housing properties

At each statement of financial position date, housing schemes are assessed to determine if there are indicators that the property may be impaired in value; if there are such indicators of impairment, then a comparison of the property's carrying value with its recoverable amount is undertaken. Any excess over the recoverable amount is recognised as an impairment loss and charged as expenditure in the Income and Expenditure account; the carrying value is reduced appropriately.

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

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

Investment property

Investment properties, which are properties held to earn rental and / or for capital appreciation, are initially measured at cost and subsequently at fair value. The directors have opted to revalue annually, with the support of independent professional valuers on a periodic basis at the balance sheet date. When the directors revalue the properties they make judgements based on current tenants, remainder of the lease term of tenancy, location, and other market conditions. Gains or losses on revaluation are recognised in the Income and Expenditure account and where these are above depreciated historic cost they are subsequently transferred to the property revaluation reserve.

LONDON CYRENIANS HOUSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2019

1 Accounting policies (continued)

Other grants

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

Value added tax

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

Pension costs

The Company contributes to certain employees' personal pension plans on a defined contribution basis. Contributions are also made to the pension scheme of certain employees in accordance with their rights under TUPE. 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.

Contributions to defined contribution pension schemes are charged to the Income and Expenditure account as they become payable in accordance with the rules of the scheme. Differences between contributions payable in the year and those actually paid are shown as either accruals or prepayments in the Statement of Financial Position.

Designations

Designated reserves are unrestricted reserves earmarked by the Board for particular purposes. The designations are as follows:

- Hidden Homes Initiative: to ensure that Cyrenians is able to reward staff against set objectives, invest in owned properties, meet services users aims and aspirations.
- Innovation and service improvements: resources to develop and implement pioneering new services and approaches to service delivery.
- Partnerships and alliances: funds for developing collaborations with relevant organisations.
- Furniture and equipment replacements: fund for renewing contents of customers' accommodation.

General reserve

This reserve relates to the cumulative retained earnings, excluding revaluations and transfers to designated reserves.

Revaluation reserve

This reserve relates to the cumulative revaluation of investment property.

LONDON CYRENIANS HOUSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2019

1 Accounting policies (continued)

Financial instruments

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

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

Investments are recognised at their fair value with movements going to the Income and Expenditure account.

Cash and cash equivalents

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank, short-term bank deposits with an original maturity of under a year and bank overdrafts which are an integral part of the company's cash management.

Employee benefits

Short term employee benefits such as holiday pay are accrued as services are rendered.

Operating leases

Rentals payable under operating leases are charged to Income and Expenditure on a straight line basis over the lease term.

The aggregate benefits of any lease incentive are recognised as a reduction in expenses recognised over the term of the lease.

2 Key sources of estimation uncertainty and judgements

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

Critical judgement

The following are critical judgements apart from those involving estimations (which are dealt with separately below), that the trustees make in the process of applying the Company's accounting policies and that have the most significant effect on the amount recognised in the financial statements:

Liabilities and provisions

Management's decisions as to whether a balance is recognised as accrual, creditor or provision is based upon whether the balance is deemed to meet the criteria as set in FRS 102, specifically considering, that the Company has an obligation at the reporting date as a result of past event, it is probable that the entity will be require to transfer economic

LONDON CYRENIANS HOUSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2019

2 Key sources of estimation uncertainty and judgements (continued)

benefits in settlement of this obligation, and that the obligation can be measured reliably. Management have exercised judgement when considering the probability of economic outflow.

Key sources of estimation uncertainty

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

Valuation of Investment property

One of the Company's properties was transferred from housing properties to investment property during the year when it transferred from being used for supported housing to a rental arrangement. There was one investment property already classified as such from prior year. After transfer and initial recognition, the investment property is measured at its fair value. The valuation assessment at year end has been performed by the directors of the Company based on publicly available market data.

Useful lives of Company properties

The depreciation applied by the Company to its owned properties takes into account the age and condition of the properties as well as the intensive utilisation sustained by the assets due to the nature of the services and client group of the Company. The accumulated depreciation at 31 March 2019 was £4,055,640 (2018: £4,038,317).

Income

Income is recognised in the period to which it relates. Allowance is made for refunds of any income where it is considered probable that repayment will be required.

Dilapidations provision

The Company makes provision for dilapidations to its leased properties. The provision takes account of contractual responsibilities, health and safety obligations and any other relevant regulatory requirements.

Bad debt provision

The debtor balances in respect of charges to service users and statutory bodies of £172,821 (2018: £163,967) and revenue grant receivable £270,790 (2018: £292,110) are recorded in the Company's Statement of Financial Position. A full line by line review of debtors balances is carried out regularly. The bad debt provision against these balances at 31 March 2019 was £140,140 (2018: £139,986) and £40,865 (2018: £40,982) respectively.

Accruals and provisions

The accruals and deferred income balance of £2,748,638 (2018: £3,088,891) and provision balance (excluding dilapidations) of £6,580,771 (2018: £7,054,751) comprise a number of balances which exist for range of different reasons. In arriving at the value of accrual or provision, management have applied estimation to determine the quantum of obligation fall on the Company as at year end. Classification as a short term or long term depends on management's best estimate of the timing of the obligation falling due.

LONDON CYRENIANS HOUSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2019

3 Operating surplus	2019	2018
Is stated after charging:	£	£
Depreciation	522,493	585,821
Auditor's remuneration – audit services	16,500	16,500
Operating lease payments - buildings	122,799	161,831
	<hr/>	<hr/>
Social housing income and expenditure	2019	2018
	£	£
Rental receivable	3,272,344	3,199,080
Service charges	163,958	169,647
Revenue grants	9,197,760	8,780,552
Void Losses-Operational	(259,912)	(261,611)
Void Losses-Developmental	(161,182)	-
	<hr/>	<hr/>
	12,212,968	11,887,668
	<hr/>	<hr/>

The expenditure and operating surplus from Social Housing activities are equivalent to the amounts in the Income & Expenditure account.

4 Auditor's remuneration	2019	2018
	£	£
Fees payable to the Company's auditor:		
The audit of financial statements of the Company	16,500	16,500
	<hr/>	<hr/>
5 Staff costs	2019	2018
	Number	Number
The average weekly number of persons employed during the year (full time equivalents) was:	280	270
	<hr/>	<hr/>
	£	£
Staff costs for the above persons were:		
Wages and salaries	6,904,734	6,762,408
Social security costs	631,485	612,783
Pension costs	129,593	104,365
	<hr/>	<hr/>
	7,665,812	7,479,556
	<hr/>	<hr/>

LONDON CYRENIANS HOUSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2019

6 Emoluments of the Board and senior management team

The directors of the Company do not receive any remuneration and the below amounts relate solely to managerial staff considered to be key management personnel.

	2019 £	2018 £
Remuneration paid to key management personnel comprised:		
Gross salary	269,366	246,088
Social security costs	37,173	33,960
Employer's pension contributions	13,962	12,265
	<u>320,501</u>	<u>292,313</u>

No remuneration was paid to board members.

	2019 £	2018 £
Highest paid director's aggregate emoluments (excluding pension)	86,385	86,365
	<u>86,385</u>	<u>86,365</u>

The Chief Executive is an ordinary member of the pension scheme and no enhancements or special terms apply. There are no other pension arrangements.

The full time equivalent number of staff whose remuneration payable in relation to the period of account fell within the following bands:

	2019 No.	2018 No.
£70,001 - £80,000	1	1
£80,001 - £90,000	<u>1</u>	<u>1</u>

7 Interest receivable and similar income

	2019 £	2018 £
Bank interest receivable	48,315	44,810
Charity deposit	1,664	1,283
Dividend from investments	684	1,435
	<u>50,663</u>	<u>47,528</u>

8 Investment property

	£
Valuation	
At 1 April 2018	1,706,995
Transfer from housing properties	419,726
Fair value adjustment	816,349
Disposals	-
At 31 March 2019	<u>2,943,070</u>

The valuation of investment properties has been carried out internally by the directors using publicly available market data.

LONDON CYRENIANS HOUSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2019

9	Tangible assets - housing properties	Properties	Land	Total
		£	£	£
	Cost			
	At 1 April 2018	8,793,145	4,396,573	13,189,718
	Transfer to investment property	(616,597)	(308,299)	(924,896)
	At 31 March 2019	8,176,548	4,088,274	12,264,822
	Depreciation			
	At 1 April 2018	4,038,317	-	4,038,317
	Transfer to investment property	(505,170)	-	(505,170)
	Charge for the year	522,493	-	522,493
	At 31 March 2019	4,055,640	-	4,055,640
	Net book value			
	At 31 March 2019	4,120,908	4,088,274	8,209,182
	At 31 March 2018	4,754,828	4,396,573	9,151,401

10	Debtors	2019	2018
	£	£	£
Gross arrears of charges to customers & other statutory bodies	172,821	163,967	
Less: provision for bad debts	(140,140)	(139,986)	
		32,681	23,981
Revenue grants receivable	270,790	292,110	
Less: provision for fees bad debts	(40,865)	(40,982)	
		229,925	251,128
Other debtors		97,584	180,422
		360,190	455,531

LONDON CYRENIANS HOUSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2019

11 Cash and cash equivalents	2019 £	2018 £
Cash at bank and in hand	<u>8,894,293</u>	<u>8,372,859</u>
	<u>8,894,293</u>	<u>8,372,859</u>

12 Creditors	2019 £	2018 £
Amounts falling due within one year:		
Trade creditors	50,642	71,788
Customers' charges in advance	225,442	198,862
Other creditors	276,894	166,155
Other taxation and social security	143,245	150,830
Accruals and deferred income	<u>2,748,639</u>	<u>3,088,891</u>
	<u>3,444,862</u>	<u>3,676,526</u>

13 Provisions	Dilapidations provision	Other provisions	Total
	£	£	£
At 1 April 2018	343,607	7,054,751	7,398,358
Additions	-	939,232	939,232
Utilised	<u>-</u>	<u>(1,413,212)</u>	<u>(1,413,212)</u>
At 31 March 2019	<u>343,607</u>	<u>6,580,771</u>	<u>6,924,378</u>

14 Unrestricted reserves

Designated reserves

	2018 £	Transfers between reserves £	2019 £
Hidden home Initiative	935,000	40,000	975,000
Innovations and service improvements	165,195	(40,000)	125,195
Partnerships and alliances	70,000	-	70,000
Furniture and equipment replacements	<u>250,000</u>	<u>-</u>	<u>250,000</u>
	<u>1,420,195</u>	<u>-</u>	<u>1,420,195</u>

LONDON CYRENIANS HOUSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2019

15 Housing units at end of year – supported housing

	2019 Units	2018 Units
Owned	90	86
Managed	196	196
	<u>286</u>	<u>282</u>

16 Operating leases

The Company holds properties and office equipment under non-cancellable operating leases. At 31 March 2019 the Company had the following future minimum lease payments under non-cancellable leases:

	2019 £	2018 £
For leases expiring:		
Within one year	144,720	144,720
In two to five years	363,221	450,941
Later than five years	95,573	152,573
	<u>603,514</u>	<u>748,234</u>

17 Subsidiary undertaking

Name	Country of Incorporation	Class of shares	Holding	Activity
Capital Housing Limited	United Kingdom	Ordinary	100%	Dormant

The registered office of the above subsidiary was Carlyle House, 235-237 Vauxhall Bridge Road, London, SW1V 1EJ. The subsidiary was incorporated on 15 August 2018 and has remained dormant since incorporation.

LONDON CYRENIANS HOUSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2019

18 Financial instruments

	2019 £	2018 £
<i>Equity instruments measured at fair value through the income and expenditure account</i>		
Current asset unlisted investments		
Cash	37	37
Ruffer Total Return Fund	88,357	90,603
Schroder Core UK Equity	93,317	70,061
Neptune Income	72,288	86,499
	<u>253,999</u>	<u>247,200</u>
 <i>Financial assets measured at amortised cost</i>		
Trade and other debtors	306,188	323,093
Cash and cash equivalents	8,894,293	8,372,859
	<u>9,200,481</u>	<u>8,695,952</u>
 <i>Financial liabilities measured at amortised cost</i>		
Trade and other creditors	517,361	436,805
	<u>517,361</u>	<u>436,805</u>
 <i>The Company's income, expense, gains and losses in respect of the financial instruments are summaries below:</i>		
<i>Interest income and expense</i>		
Total interest income for financial assets at amortised cost	48,315	44,810
	<u>48,315</u>	<u>44,810</u>
 <i>Fair value gains and losses</i>		
Gain/(loss) on financial assets (including unlisted investments) measured at fair value through profit or loss	6,799	(5,719)
Current asset unlisted investments	6,799	(5,719)
	<u>6,799</u>	<u>(5,719)</u>

19 Ultimate controlling party

There is no ultimate controlling party.