Renaisi Limited
Report of the Directors and Financial Statements

31 March 2020

Company Registration Number

3532867 (England and Wales)

Reference and administrative details

Directors	Rohati Chapman (Non-executive Chair) Robert Pearce John Hitchin Michael Toyer Susan Attard Kishan Chandarana Laura Busfield Karen Hinton-Platt Surekha Aggarwal Paul Di Paola
Secretary	Michael Toyer
Registered office	Unit 2,3 & 13 290-296 Mare Street, Hackney, London, E8 1HE
Company registration number	3532867 (England and Wales)
Auditor	Larking Gowen LLP King Street House 15 Upper King Street Norwich NR3 1RB
Solicitors	Veale Wasbrough Vizards LLP Barnards Inn 86 Fetter Lane London EC4A 1AD
Bankers	The Co-operative Bank 4th Floor 9 Prescot Street London E1 8SF Metro Bank 117-121 Bishopsgate London EC2M 7PP

Contents

Directors' report

The directors present their report with the financial statements of the company for the year ended 31 March 2020.

Status

Renaisi Ltd is a not for profit private company limited by guarantee and does not have share capital.

It has social objectives and in accordance with its Memorandum and Articles of Association, the income and property of the company shall be applied solely towards the promotion of its social objectives and no portion shall be distributed to its members. In the event that the company is wound up, the liability of the members is limited to £1 each and any residual assets can only be applied to the social objectives.

Principal activities

Renaisi continues to operate as one of the leading social businesses across London and the South East – helping to transform disadvantaged communities and secure opportunities for local people.

Whilst our focus has changed in recent years, from delivering area-based regeneration to either supporting individuals or advising other social organisations that seek to support individuals, we have never moved away from our overall aspiration which is to support people and places to thrive.

Our **vision** is of strong, inclusive communities, where everyone can flourish

Our **mission** is to help people and places to thrive.

Renaisi combines service delivery and consultancy to offer unique insight into what it takes to help people and places to thrive.

We believe we can only do that credibly if we know both what it takes to support people and organisations. We work in and with communities in London to remove the barriers of opportunity from people in challenging circumstances, and we work with and for institutions across the UK to change what they do to increase their impact on people and places.

Our **purpose**, therefore, is to further understand: what does it take to improve a place?

As a company with a clear social purpose, integrity is at the core of our actions. Our purpose and mission are underpinned by the following values:

We value strengths: We value strengths rather than focusing on weaknesses. We are honest about problems and needs, then we work with participants, clients and colleagues to build on their strengths.

We make time: We don't rush to impose a solution. We make time to listen and understand people so that we get the context of an issue, whether that is a participant's personal circumstances or the root of a client's challenge.

We are curious: We are by nature curious about the issues, ideas and people we work with. We put a high value on the rich learning we get from combining consultancy and delivery and we are motivated to ask challenging questions that lead to better delivery and thinking.

Our impact: we seek to understand and communicate our impact by capturing both the impact we aim to achieve for people, institutions and networks and how we facilitate our impact as an organisation.

Directors' report

Our current trading activities and going concern assessment

2019/20 main contractual activity can be summarised as:

- Supporting the long term unemployed on their journey into work, equipping them with essential skills, knowledge, experience and opportunities.
- Supporting public sector and charitable funders understand the dynamics of place alongside maximising the benefit of local economies alongside engagement of communities to determine and address their own needs.
- Helping organisations to deliver better outcomes for people through our research and evaluation services. We support these organisations to develop strategies, design measurement frameworks, evaluate delivery, and learn about what works.
- Supporting public and charity sector organisations to understand and resource major projects and programmes, through providing experienced, high-quality consultancy support to help improve or change delivery of services, particularly those with a focus on place.
- Supporting start-up charities and social enterprises by providing business support functions, space for operations/events and strategic business advice.

2019/20 was a successful year for business operations in terms of increasing our market share and base of long-term clients across a number of product areas. However, it was another challenging year in terms of accessing viable market opportunities, achieving high performance and staff resourcing. With London employment levels being very high in 2019/20, our employability support contracts were particularly challenging in terms of sourcing new participants to support.

Our end of year position saw us broadly meet our revised budget: we achieved the revised target income for Services but were slightly below expectations on our Consultancy income. Our much lower forecasted income for our Corporate income was achieved.

Our **Services income** is traditionally based on fewer large long-term contracts. We currently have two payment by results employability support contracts and both were extended to allow operations to continue through most of the 2021/22 year but at a reduced scale.

As part of the government's economic response to COVID-19 triggered recession, significant funding and contract opportunities have been announced that will be in place by the Spring with subcontractors delivering shortly after. The focus of these will be broad based support and we a well-placed in the supply chain to secure new opportunities in a similar way to contracts we secured after the previous recession.

Our grant-based employability contract with the National Lottery is likely to be subject of a significant extension to continue support to refugees in light of the impact of COVID-19. Another grant-based contract with a local authority runs until June 2021 with the likelihood of a two-year extension. We also seek to secure smaller grants or contracts to layer on top of our main contracts and further support our target participants but these are generally of low value each.

With the various extensions and new contract opportunities we have a high degree of certainty that our current levels of income can at a minimum be maintained and most likely increased for the 12-month period ahead and beyond.

Our **Consultancy income** is based on a combination of a small number of multi-year evaluation or research contracts with many more short-term contracts that are secured in-year through either tender exercises or our established relationships. Whilst the COVID-19 triggered national lockdown delayed progress on some contracts there was a minimal impact on contract opportunities and since the summer those opportunities in the marketplace have been as expected.

We have made good progress on developing our place-based offer. This builds on our tradition as a place-based organisation and our existing contracts with central government and large charitable foundations. Our new approach is to promote more systems-based thinking and activity amongst larger organisations rooted in localities to co-ordinate their activities and achieve more in the localities they operate and for the residents they support. Our investment in developing our thinking and service offer is beginning to come to fruition with additional contracts being secured in 2020/21 and a number of likely opportunities in development.

Directors' report

Our relatively small-scale offer of business support services, currently finance-focussed, has continued with some minor expansion in the number of clients as we have refined our offer around cloud-based accounting and remote support for small charities and social enterprises. We still aim to grow this income but we are realistic about the limited number of current opportunities due to the economic recession.

Both 2019/20 and 2020/21 year to date have seen high levels of stability at executive and non-executive board level through to our staff teams, which have seen relatively low levels of turnover since quarter three 2019/20. It is possible that 2021/22 may see a need to re-structure elements of the business to respond to market conditions but our income base from our longer-term contracts is good and we have experience at senior level of repositioning the business to maintain our relevance and financial sustainability.

Whilst there are high levels of uncertainty around various national policy positions in a post-EU Britain we are less exposed to this risk as we do not trade goods or services across the EU. Additionally, the European Social Funding that co-funded our previous government employability contracts has essentially been replaced by national funding. The recent government announcements of significant additional funding for the Department for Work and Pensions to deliver the next tranche of large employability support contracts demonstrates this. For other aspects of our income, the last 10 years have seen the retreat of traditional public sector local interventions by local authorities and the increase in local activity from large charitable foundations and charities who now for the basis of over 75% of our consultancy contracts. Whilst that sector may face some contraction in available resource for evaluation in research it will not be as constrained as the wider public sector.

Overall, we are confident that our current long-term contracts, strong reputation, known contract opportunities and business strategy mean will remain a going concern for the 12-months ahead and beyond. We acknowledge the uncertainty of the current economic context and the legacy of our pension scheme and the associated pension liabilities. We are confident that within a challenging economic context we can continue to maintain liquidity and we are pro-actively managing our pension risks through budgeted maintenance of payments into the Pension Fund and ongoing engagement with the Fund managers.

Directors' report

Directors

The directors during the year under review and since the year end were:

Director	Appointed/ Resigned
Rohati Chapman (Non-executive Chair)	Appointed 10-Jun-2019, Chair from 03-Nov-2020
Susan Attard (Non-executive director & Deputy Chair)	Resigned 31-Oct-2020
Sarah Morrison (Non-executive director)	Resigned 14-May-2019
Rob Pearce (Non-executive director)	
Kishan Chandarana (Non-executive director)	
Karen Hinton-Platt (Non-executive director)	Stepped down from Chair from 03-Nov-2020
Surekha Aggarwal (Non-executive director)	Appointed 04-Nov-2019
Paul Di Paola (Non-executive director)	Appointed 04-Nov-2019
John Hitchin (Chief Executive)	
Michael Toyer (Director/Company Secretary)	
Laura Busfield (Director)	

Directors' interests

The directors hold no interests in the company.

Directors' and officers' insurance

The company maintains insurance for directors and officers against liabilities in relation to the company.

Statement of directors' responsibilities

The directors are responsible for preparing the directors' report and financial statements in accordance with applicable law and regulations. Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors 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 of the company 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in operation.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

Directors' report

Each of the directors confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- the director has taken all the steps that he or she ought to have taken as a director in order to make him or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

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

Auditor

The Company Board has appointed Larking Gowen LLP as auditor for year ending 31 March 2020 audit services, and they will be proposed for re-appointment in accordance with the provisions of the Companies Act 2006.

The above report has been prepared in accordance with the special provision of Part 15 of the Companies Act 2006 relating to small companies.

On behalf of the Board:

Rohati Chapman – Chair

Date: 26th February 2021

John Hitchin – Chief Executive

Date: 26th February 2021

Independent auditor's report 31 March 2020

Independent auditor's report to the members of Renaisi Limited

Opinion

We have audited the financial statements of Renaisi Limited (the 'company') for the year ended 31 March 2020 which comprise Income Statement, the Statement of Financial Position and 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 Financial Reporting Standard 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 company's affairs as at 31 March 2020, and of its deficit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 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 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 directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

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.

Opinions 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 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 company or to cease operations, or have no realistic alternative but to do so.

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: https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx. This description forms part of our auditor's report.

Use of our report

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

MHA Larking Gowen

Giles Kerkham FCA DChA (Senior Statutory Auditor)
for and on behalf of
Larking Gowen LLP
Chartered Accountants
Statutory Auditor
Norwich

Date: 2 March 2021

Income Statement Year to 31 March 2020

Notes		2020 £	2019 £
Turnover		2,996,499	2,970,088
Direct project costs		(550,165)	(463,994)
		2,446,334	2,506,094
Other operating income		51,152	45,491
Fair value movement on Fixed asset investments	7	(44,473)	36,496
Administrative expenses	1	(2,714,625)	(2,840,353)
Current service credit/(cost) – pension scheme	3	17,000	19,000
Operating deficit	2	(244,612)	(233,272)
Interest receivable and similar income		-	-
		(244,612)	(233,272)
Other finance cost	3	(41,000)	(29,000)
Deficit on ordinary activities before taxation		(285,612)	(262,272)
Tax charge on surplus on ordinary activities		-	-
Deficit for the financial year after taxation		(285,612)	(262,272)

The accounting policies and notes on pages 12 to 21 form part of these financial statements.

Statement of comprehensive income Year to 31 March 2020

	Note	2020 £	2019 £
Deficit for the financial year		(285,612)	(262,272)
Actuarial (losses)/gains	3	551,000	(622,000)
Movement on deferred tax relating to pension liability	4	-	(184,450)
Total recognised gains and losses in the year		265,388	(1068,722)
Retained reserves brought forward		(501,867)	566,855
Retained reserves carried forward		(236,479)	(501,867)

Statement of Financial Position 31 March 2020

	Notes	2020 £	2020 £	2019 £	2019 £
Tangible fixed assets	6		41,760		67,601
Investment	7		743,941		988,484
Current assets					
Debtors	8	347,059		722,273	
Cash at bank and in hand		295,439		90,267	
		642,498		812,540	
Creditors: amounts falling due within one year	9	(474,678)		(653,492)	
Net current assets			167,820		159,048
Total Assets Less Current Liabilities			953,521		1,215,133
Provision for liabilities and charges			-		-
Net Assets Excluding Pension Liabilities			953,521		1,215,133
Provision for Pension Liabilities	3		(1,190,000)		(1,717,000)
Net Assets Including Pension Liabilities			(236,479)		(501,867)
Capital and reserves					
Income and expenditure account excluding pension reserve			953,521		1,215,133
Pension reserve			(1,190,000)		(1,717,000)
Total Reserves			(236,479)		(501,867)

The financial statements have been prepared in accordance with the provisions applicable to company's subject to the Small Companies Regime, and in accordance with the provisions of FRS 102 Section 1A – small entities.

The financial statements were approved by the Board of Directors on 25th February 2021 and were signed on its behalf by:

Rohati Chapman – Chair

Date: 26th February 2021

John Hitchin – CEO

Date: 26th February 2021

Company registration number: 3532867

Principal accounting policies Year to 31 March 2020

General Information

Renaisi Limited is a private company limited by guarantee and incorporated in England and Wales, registration number 3532867. The registered office is Unit 2, 3 & 13, 290-296 Mare Street, London, E1 8HE. The principal activity of the company is to support individuals, communities and social institutions to improve the places where they live and work.

Basis of preparation of the financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and Companies Act 2006.

The financial statements are presented in Sterling (£) and rounded to the nearest £.

The following principles have been applied:

Going concern

We acknowledge the uncertainty of the current economic context and the legacy of our pension scheme and the associated pension liabilities. In reviewing going concern, we have prepared prudent forecasts for the 12 months following date of accounts approval, demonstrating that in any reasonably likely trading outcome, cash would not become limiting. We are pro-actively managing our pension risks through budgeted maintenance of payments into the Pension Fund at the levels disclosed in Note 3 and through ongoing engagement with the Fund managers as described in Note 12. Thus, we are confident that within the challenging economic context we will continue to maintain liquidity.

Overall, and having considered the possibility of a pension termination liability crystallising in the next 12 months as set out more fully in note 11 we are confident that our current long-term contracts, strong reputation, known contract opportunities and business strategy mean the company will remain a going concern for the 12-months ahead and beyond. The directors therefore have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and they continue to adopt the going concern basis of accounting preparing the financial statements.

Turnover

Turnover represents net invoiced sales of services, excluding value added tax.

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Turnover is measured where the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

Income from our employment support services is accounted for when Renaisi is entitled to the income under the range of contracts. Sustainability payments relating to individuals within those employment contracts that have only partially completed the sustainability outcome at the balance sheet date are not accrued as there is insufficient certainty in relation to the outcomes.

Management fees are recognised when receivable.

Direct costs for the Big Local project are treated as disbursements directly to the local representatives. Turnover from the disbursements is not recognised in the Income Statement as Renaisi has transferred the significant risks and rewards to the local representatives. Where Renaisi has paid the local representatives in advance or in arrears of receipts from the Big Local, the balance is held within the debtors or creditors until it is settled.

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Income Statement at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Income statement in the same period as the related expenditure.

Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Office equipment, fixtures, fittings and project assets: 20% - 25% on reducing balance.

Fixed asset investments

Investments in listed company shares are remeasured to market value at each Statement of Financial Position date. Gains and losses on remeasurement are recognised in surplus or deficit for the period.

Debtors

Short term debtors are measured at transaction price, less any impairment.

Creditors

Short term creditors are measured at the transaction price.

Current and deferred tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Income Statement except that a charge attributable to an item of income and expense recognised as other comprehensive income is also recognised in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and

Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Pensions

The service and finance costs of the company's two pension scheme are charged to the Income Statement. The company makes contributions to a defined benefits pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company and are invested in the Local Government Pension Scheme which is operated by the London Borough of Hackney. The liabilities of the Scheme are included in the Balance Sheet on an actuarial basis using the projected unit method, i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc and projected earnings for current employees.

The company's share of the assets of the pension fund is included in the Balance Sheet at fair value on the following bases:

Quoted securities	– bid or last traded price
Unquoted securities	– professional estimate
Unitised securities	– bid or the latest single market price
Property	– Market value

Financial Instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Operating Leases: The company as lessee

Rentals paid under operating leases are charged to the Income Statement and expenditure on a straight line basis over the lease term.

Notes to the financial statements Year to 31 March 2020

1 Administrative expenses

	2020 £	2019 £
Staff costs	2,161,286	2,304,384
Other administrative costs	553,339	535,969
	2,714,625	2,840,353

2 Operating deficit

The operating deficit is stated after charging:	2020 £	2019 £
Depreciation – owned assets	31,039	55,106
Directors' emoluments and other benefits etc.	236,820	242,232

The number of directors to whom retirement benefits were accruing during the period under the company pension scheme was 3 (2019: 3).

3 Defined Benefit Pension liability

	2020 £	2019 £
Pension charge for the year (contributions payable)	36,000	62,000
Employer's contributions	17,428	53,000

The last triennial formal valuation of the Scheme was carried out by the Scheme's actuary, Hymans Robertson LLP as at 31 March 2019.

An annual actuarial valuation was carried out for the purpose of complying with FRS102. The valuation as at 31 March 2019 has been updated to 31 March 2020. As at 31 March 2019 the Scheme's liabilities exceeded its assets by £1,717,000 and at 31 March 2020 by £1,190,000. The defined benefit liabilities have been measured using the projected unit method.

Assumptions	2020 % p.a.	2019 % p.a.
Pension increase rate	1.85	2.3
Salary increase rate	2.10	2.3
Discount rate	2.45	2.4

3 Pension liability (continued)

Breakdown of the expected return on assets by category	2020 % p.a.	2019 % p.a.
Equities	64	68
Bonds	24	17
Property	10	10
Cash	2	5

Fair value of the employer assets	2020 £	2019 £
Equities	4,844,800	5,603,880
Bonds	1,816,800	1,400,970
Property	757,000	824,100
Cash	151,400	412,050
	7,570,000	8,241,000

Balance sheet	2020 £	2019 £
Fair value of employer assets	7,570,000	8,241,000
Present value of funded liabilities	(8,760,000)	(9,958,000)
Net liability	1,190,000	1,717,000
Less: deferred tax asset at 17%	-	-
Net provision for pension liability	1,190,000	1,717,000

Reconciliation of employer assets	2020 £	2019 £
Opening fair value of employer assets	8,241,000	7,861,000
Interest income	197,000	211,000
Contributions by members	8,000	9,000
Contributions by employer	54,000	53,000
Actuarial gains/(losses)	(783,000)	239,000
Estimated benefits paid	(147,000)	(132,000)
Closing fair value of employer assets	7,570,000	8,241,000

Reconciliation of defined benefit obligation	2020 £	2019 £
Opening defined benefit obligation	9,958,000	8,946,000
Current service cost	37,000	34,000
Interest cost	238,000	240,000
Contributions by members	8,000	9,000
Changes in financial assumptions	(1,334,000)	861,000
Estimated benefits paid	(147,000)	(132,000)
Closing defined benefit obligation	8,760,000	9,958,000

3 Pension liability (continued)

Charge to income and expenditure account	2020 £	2019 £
Interest cost	238,000	240,000
Interest income	(197,000)	(211,000)
Other finance costs	41,000	29,000
Current Service Credit (included in administration costs)	17,000	19,000

Amount recognised in Statement of Other Comprehensive Income	2020 £	2019 £	2018 £	2017 £
Actuarial gains/(losses) recognised in OCI	551,000	(622,000)	132,000	(688,000)
Cumulative actuarial gains and losses	(1,355,000)	(1,906,000)	(1,284,000)	(1,416,000)

The mortality assumptions were as follows:

	2020 years	2019 years
Longevity at age 65 for current pensioners		
. Men	21.2	22.2
. Women	23.4	24.2
Longevity at age 65 for future pensioners		
. Men	22.4	23.6
. Women	25.1	25.7

The best estimate of contributions to be paid by the employer to the scheme for the year beginning 1 April 2020 is £118,000 (2019 - £36,000).

The net pension liability is calculated on the basis that the scheme has at least one active member. It does not represent the liability that would crystallise in the in the termination/cessation event described in Note 12.

4 Taxation

The company carries forward losses for taxation of £2,199,155 (2019: £2,007,165) that would relieve tax on future profits. Those losses generate a potential deferred tax asset of £417,839 (2019: £341,218) that has not been recognised in line with the stated accounting policy.

There is an unrecognised deferred tax asset of £226,100 (2019: £291,890) relating to the defined benefit pension scheme in the year.

5 Staff costs

Total employee related costs during the year were £2,161,286 (2019: £2,304,384). Employers NI was £179,285 (2019: £188,059). Total pension costs were £123,539 (2019: £130,879). The average number of employees during the year was 56 (2019: 71).

6 Tangible fixed assets

	Office Equipment £	Fixtures and Fittings £	Project Assets £	Total £
Cost				
At 31 March 2019	145,656	169,119	77,309	392,084
Additions	4,799	-	399	5,198
Disposals	-	-	-	
At 31 March 2020	150,455	169,119	77,708	397,282
Depreciation				
At 31 March 2019	124,274	124,724	75,484	324,482
Charge for the year	12,812	17,190	1,037	31,039
Disposals	-	-	-	-
At 31 March 2020	137,086	141,915	76,521	355,522
Net book value				
At 31 March 2020	13,369	27,204	1,187	41,760
At 31 March 2019	21,382	44,394	1,825	67,601

7 Fixed asset investments

	2020 £	2019 £
Investment Bonds		
At 1 April 2019	988,484	1,121,988
Withdrawal in year	(200,070)	(170,000)
Revaluation	(44,473)	36,496
At 31 March 2020	743,941	988,484

As at 31 March 2020, the cost of the investment bonds was £428,132 (2019 - £625,362).

Fixed asset investments at 31 March 2020 are held for long term growth.

8 Debtors: Amounts falling due within one year

	2020 £	2019 £
Trade debtors	147,385	534,415
Accrued income	97,304	68,332
Other debtors	102,370	119,526
	347,059	722,273

9 Creditors: Other amounts due within one year

	2020 £	2019 £
Trade creditors	138,452	343,197
Other creditors	14,402	34,094
V.A.T.	21,119	117,463
Social security and other taxes	87,175	60,189
Accrued expenses	108,486	41,923
Deferred income	105,044	56,626
	474,678	653,492

10 Ultimate controlling party

Other than the members as a body (who are the directors of the company), the company has no ultimate controlling party. It is a company limited by guarantee with members having one vote each. In the event that the company is wound up, the liability of the members is limited to £1 each.

11 Contingent liability

As detailed in Notes 1 and 3, the company participates in the London Borough of Hackney Pension Fund, a defined benefit scheme on a closed admission basis, meaning that no additional members can be added to the Fund. The financial statements at 31 March 2020 reflect the actuarial assessment of Scheme liabilities at the year end as required by FRS 102. The company currently has only one active member building benefits in the Fund and, if that member was to leave service, this would trigger a termination/cessation event in the Fund. At that stage the Fund would ask the Fund Actuary to calculate the company's cessation liability. After taking professional advice, the directors estimate this potential liability to be in the region of £4.5m, which exceeds the current pension provision in the balance sheet by £3.3 million. The company would not be in a position to settle such a liability immediately and it would be necessary to seek agreement with the Fund for deferred payment terms. The company is in discussions with the scheme administrator who has confirmed that their intention would be to come to a mutual arrangement.

12 Operating lease commitments

At 31 March 2020, the company had future minimum lease payments under non-cancellable operating leases for land and buildings as follows:

	2020 £	2019 £
Falling within one year	166,429	145,735
Falling in two to five years	185,036	290,771
	351,465	436,506