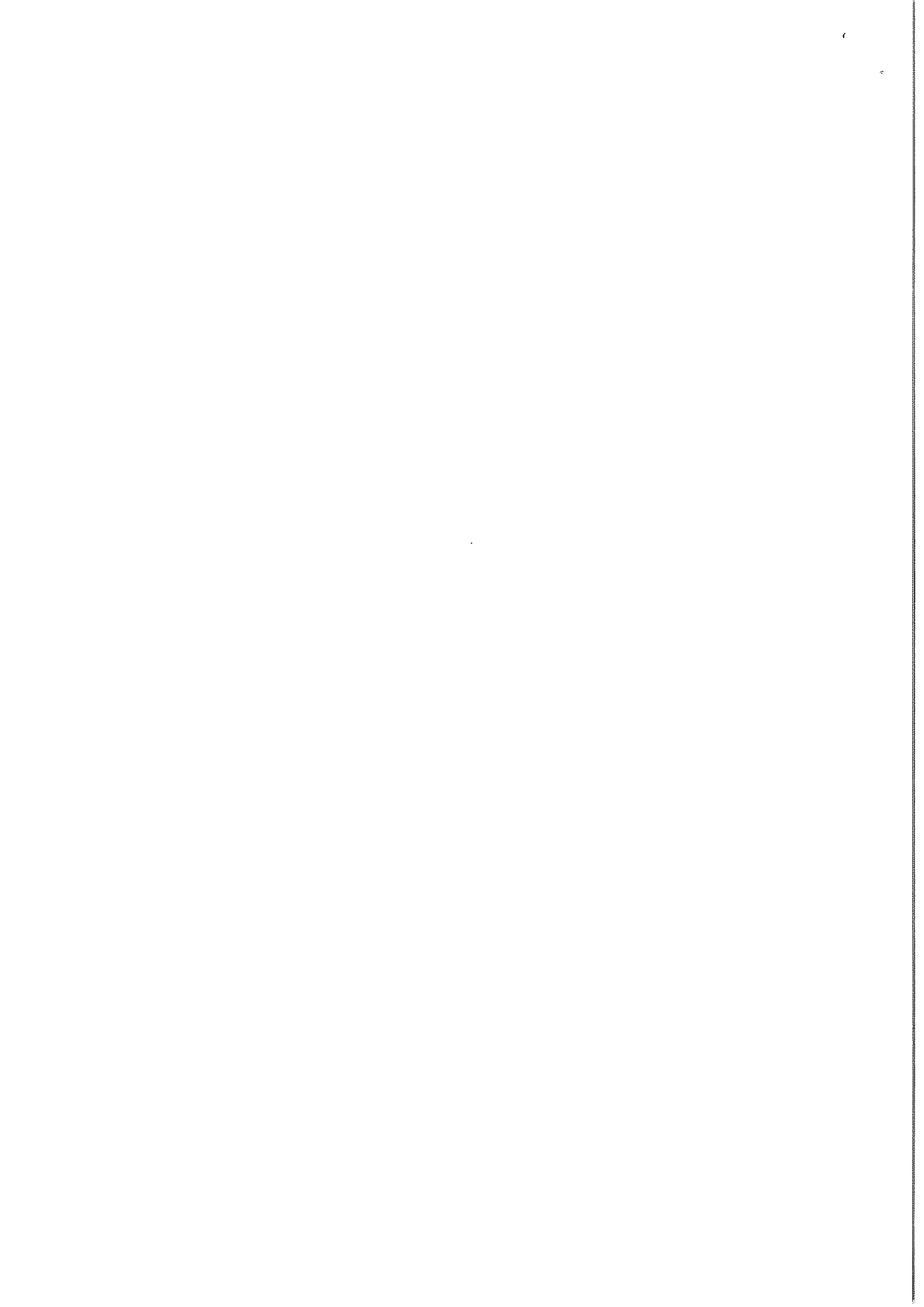

FAIR COMMUNITY HOUSING SERVICES LIMITED

MANAGEMENT COMMITTEE'S REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016





FAIR COMMUNITY HOUSING SERVICES LIMITED

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FAIR COMMUNITY HOUSING SERVICES LIMITED

ORGANISATION INFORMATION

MANAGEMENT COMMITTEE	Teddy Amoyaw- Chair Helen Cadwallader- Vice Chair Tim Gadd - Treasurer (appointed 12 November 2015) Christine Nicholls- Secretary Emily Dent (resigned 7 June 2015) David Goodchild (resigned 3 August 2015) Ifra Khan (resigned 7 June 2016) Inocente Novo (resigned 7 June 2016) Vanessa Shone David Monaghan (resigned 7 June 2015) Alika Agidi-Jeffs (appointed 12 November 2015) Sevel Tashin (appointed 12 November 2015) Abdulkarim Ali (resigned 1 April 2015)
LB SOUTHWARK MONITORING AND SUPPORT OFFICER	Tracey Stedman
ESTATE MANAGER	Jon Harford
REGISTERED NUMBER	29067R Registered under the Co-operative and Community Benefit Societies Act 2014
REGISTERED OFFICE	Horselydown Offices 2 Fair Street London SE1 2XA
INDEPENDENT AUDITORS	MHA MacIntyre Hudson Chartered Accountants & Statutory Auditor New Bridge Street House 30-34 New Bridge Street London EC4V 6BJ
BANKERS	Lloyds TSB Bank plc Camberwell Green Business Centre PO Box 288 London SE5 7AB

FAIR COMMUNITY HOUSING SERVICES LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2016

The Management Committee presents their report and the financial statements for the year ended 31 March 2016.

Principal activity

The principal activity of the organisation is the management and maintenance for the following blocks / estates:

Coxson Way
Devon Mansions
Fair Street Flats
Hartland House
Lewes House
St Johns Estate
St Olaves Estates

Services are run under the management agreement signed in 2004.

Review of activities for the year

While there were concerns over performance in some key areas, especially repairs, during the course of 2015-16, we were able to address these and towards the end of the financial year appointed an Estate Manager on a permanent contract. The management team have implemented further improvements and we have increased the number of repairs done by our own direct labour.

External decoration programme – There was no spend on external decorations during the course of 2015-16. Initial work is being done by our officers and the surveyors Keegans to prioritise work on a block by block basis based on overall condition. We will then commence the appropriate procurement and consultation processes. It is likely that we will incur expenditure during the 2016/17 financial year and in future years.

Social activities - The 2015 senior citizens lunch was a great success during 2015-16. We are aiming to increase the number of community activities through active participation in events such as the big lunch and through building on partnerships with other community organisations operating in this area.

Management Committee

Members of the Management Committee are listed on page 1. Each member of the Committee holds one fully paid share of 10p in the Organisation.

Going concern

The Management Committee has a reasonable expectation that the Organisation has adequate resources to continue in operation for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Responsibilities of the Management Committee Members

The Co-operative and Community Benefit Societies Act 2014 requires the Committee members to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Organisation and its income and expenditure for that period. In preparing those financial statements the Management Committee are required to:

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

The Management Committee are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Organisation and enable them to ensure that the

FAIR COMMUNITY HOUSING SERVICES LIMITED

**REPORT OF THE MANAGEMENT COMMITTEE (continued)
FOR THE YEAR ENDED 31 MARCH 2016**

financial statements comply with the Co-operative and Community Benefit Societies Act 2014. They have a general responsibility for taking reasonable steps to safeguard the assets of the Organisation and to prevent and detect fraud and other irregularities.

Auditors

The auditors, MHA MacIntyre Hudson, have expressed their willingness to continue in office and a resolution to reappoint them will be put to the members at the forthcoming Annual General Meeting.

This report was approved by the Management Committee on 5 September 2016 and signed on its behalf by:

Christine Nicholls
Secretary

FAIR COMMUNITY HOUSING SERVICES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FAIR COMMUNITY HOUSING SERVICES LIMITED

We have audited the financial statements of Fair Community Housing Services Limited for the year ended 31 March 2016, set out on pages 6 to 13. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective January 2015) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the Organisation's members, as a body, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Organisation'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 Organisation and the Organisation's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE MANAGEMENT COMMITTEE

As explained more fully in the Responsibilities of Management Committee Members Statement, the Management Committee is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Organisation's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Management Committee; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Management Committee's report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the Organisation's affairs as at 31 March 2016 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014.

FAIR COMMUNITY HOUSING SERVICES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FAIR COMMUNITY HOUSING SERVICES LIMITED

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

- the Organisation has not kept proper books and of account, and not maintained a satisfactory system of control over its transactions, in accordance with the requirements of the legislation;
- the revenue account, and any other accounts to which our report relates, and the balance sheet are not in agreement with the Organisation's books of account;
- we have not obtained all the information and explanations necessary for the purposes of our audit.

MHA MacIntyre Hudson

Chartered Accountants & Statutory Auditor

New Bridge Street House
30-34 New Bridge Street

London
EC4V 6BJ

Date:

FAIR COMMUNITY HOUSING SERVICES LIMITED

INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2016

	Note	2016 £	2015 £
Income			
LB Southwark - allowances		756,572	748,191
LB Southwark - leaseholder service charge adjustment		6,438	6,462
LB Southwark - other income		-	3,710
Net income/(expenditure) from rental activity	11	13,117	(2,751)
Other income		3,117	3,996
		<u>779,244</u>	<u>759,608</u>
Expenditure			
Estate costs	13	417,631	419,712
Administration costs	14	162,555	158,186
Legal and professional costs	15	10,510	8,775
Committee & community expenses	16	11,750	10,549
		<u>602,446</u>	<u>597,222</u>
Interest receivable		5,940	4,387
Taxation	2	(1,188)	(877)
		<u>181,550</u>	<u>165,896</u>
Surplus/(deficit) for the year after taxation		<u>181,550</u>	<u>165,896</u>

Notes 11 onwards are included in the attached Schedule to the Detailed Accounts which do not form part of the statutory accounts.

FAIR COMMUNITY HOUSING SERVICES LIMITED
REGISTERED NUMBER: 29067R

BALANCE SHEET
AS AT 31 MARCH 2016

	Note	£	2016 £	£	2015 £
FIXED ASSETS					
Tangible assets	3		2,706		2,234
CURRENT ASSETS					
Debtors	4	58,736		69,259	
Cash at bank and in hand		1,146,483		1,054,124	
		<u>1,205,219</u>		<u>1,123,383</u>	
CREDITORS: amounts falling due within one year	5	<u>(146,664)</u>		<u>(245,906)</u>	
NET CURRENT ASSETS			<u>1,058,555</u>		<u>877,477</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,061,261</u>		<u>879,711</u>
CAPITAL AND RESERVES					
Called up share capital	6		26		26
Reserve fund	7,9		836,475		692,295
Surplus fund	7,8		224,760		187,390
			<u>1,061,261</u>		<u>879,711</u>

The financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2015).

The financial statements were approved and authorised for issue by the Committee Members on 5 September 2016 and were signed on their behalf by:

Teddy Amoyaw
Chair

Tim Gadd
Treasurer

The notes on pages 8 to 13 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2015) (FRSSE) and applicable accounting standards.

Fair Community Housing Services Limited constitutes a public benefit entity as defined by the FRSSE.

1.2 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Office equipment	-	25% reducing balance
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The Organisation manages the Fair Community Housing Estate on behalf of its owner, the London Borough of Southwark. It does not benefit economically from improvements made and fixed assets added to the Estate; the associated costs are therefore written off to the Income and Expenditure account as incurred.

1.3 Operating leases

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

1.4 Pensions

The Organisation contributes to a stakeholder pension scheme for the staff and reflects the amount due for the year in the accounts.

1.5 Income and expenditure

The income shown represents income due for the year and is inclusive of amounts outstanding at the year end. Similarly expenditure represents the liabilities incurred in respect of the Organisation's activities during the year and includes amounts due at the year end. Employment costs are allocated to the different activities on the basis of estimated time of each employee.

1.6 Surplus fund

Under the management agreement the Organisation is entitled to keep accumulated surpluses in its Surplus fund less amounts set aside in the Reserve fund. The Surplus funds are to be used for the benefit of all residents of the Estate, whether by the organisation or, in the event of the Organisation ceasing its management activities for London Borough of Southwark, by a successor body.

FAIR COMMUNITY HOUSING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

1. ACCOUNTING POLICIES (continued)

1.7 Reserve fund

In accordance with the management agreement with the Council the Reserve Fund has been established to meet the following potential liabilities: a) anticipated costs in future years resulting from under-spending on repairs and services; b) known commitments for future work; and c) a contingency against costs arising from unforeseen circumstances. The Fund will be used to meet costs in enabling the Co-operative to exercise its management functions under the management agreement in relation to the above potential liabilities. If a credit balance remains in the Reserve Fund when the management agreement ends the balance will be paid over to the Council.

1.8 Restricted reserves

Funds paid to the Organisation for specific purposes are set aside in separate restricted reserves within the Reserve fund which are used solely for those purposes. The purposes of the funds are detailed in the notes to the financial statements.

1.9 Bad debts

The Organisation is responsible for collecting rents on behalf of London Borough of Southwark and bears the expense in the event of non-recovery. A provision has therefore been made against bad and slow debts on the following basis which the Committee believe to be an accurate estimate of likely bad debt losses from the year end balances (subject to evidence to the contrary in individual cases):

Arrears:	£500 to £1,000	=	25%
	over £1,000	=	90%
	former tenants	=	100%

Bad debts are stated net of amounts received from LB Southwark for handbacks (the successful collection of rents from tenancies returned to the local authority) and rent waivers (the compensation given by LB Southwark on unauthorised occupancy arrears).

2. TAXATION

	2016	2015
	£	£
Corporation tax charge for the year	1,188	877

As a Tenant Management Organisation managing a local authority estate, the organisation is not liable to corporation tax on its estate management activity. The tax due in the year is based on bank interest receivable at a tax rate of 20% (2015 - 20%).

FAIR COMMUNITY HOUSING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

3. TANGIBLE FIXED ASSETS

	Office equipment £
Cost	
At 1 April 2015	8,884
Additions	1,374
At 31 March 2016	<u>10,258</u>
Depreciation	
At 1 April 2015	6,650
Charge for the year	902
At 31 March 2016	<u>7,552</u>
Net book value	
At 31 March 2016	<u>2,706</u>
At 31 March 2015	<u>2,234</u>

4. DEBTORS

	2016 £	2015 £
Rent arrears	120,316	98,892
Provision for bad debts	(89,572)	(69,870)
Trade debtors	-	887
VAT refund due	609	2,272
Amounts due from LB Southwark	10,508	27,760
Prepayments and other debtors	16,875	9,318
	<u>58,736</u>	<u>69,259</u>

FAIR COMMUNITY HOUSING SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

5. CREDITORS:

Amounts falling due within one year

	2016 £	2015 £
Trade creditors	9,132	11,005
Corporation tax	1,188	877
Other taxation and social security	3,707	1,804
Rent received in advance	53,840	54,790
Gas servicing and repairs contract payable	-	126,894
Amounts due to LB Southwark	44,140	229
Accruals and other creditors	34,657	50,307
	<u>146,664</u>	<u>245,906</u>

6. SHARE CAPITAL

	2016 £	2015 £
260 Membership of £0.10 each	<u>26</u>	<u>26</u>

Membership is open to all residents of Fair Community Housing Services Estate. Each member holds one share of 10p which is irredeemable, non-transferable and gives no entitlement to a dividend. Members are entitled to attend and vote at general meetings.

7. RESERVES

	Reserve fund £	Surplus fund £
At 1 April 2015	692,295	187,390
Surplus for the financial year		181,550
Transfers to the Reserve fund		(144,180)
Transfers from the Surplus fund	144,180	
At 31 March 2016	<u>836,475</u>	<u>224,760</u>

FAIR COMMUNITY HOUSING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

8. SURPLUS FUND

	Balance b/fwd £	Surplus/ (Deficit) £	Transfer in £	Transfer (out) £	Balance c/fwd £
Accumulated surplus	187,390	181,550	-	(144,180)	224,760
Total	<u>187,390</u>	<u>181,550</u>	<u>-</u>	<u>(144,180)</u>	<u>224,760</u>

The Organisation, under its Management Agreement chapter 4 paragraph 8, needs to maintain a Reserve fund (see Note 9) sufficient to meet anticipated costs arising from underspending on repairs and services, known commitments for future work and a contingency against costs arising from unforeseen circumstances.

Funds that are not required for these purposes are eligible to be included in a Surplus fund. After the management on behalf of LB Southwark ceases, the Surplus fund is available for future use by the Organisation, in the interests of the residents of the Estate, and not refundable to the local authority.

The Surplus fund represents the surplus achieved by the Organisation after amounts have been set aside in the Reserve fund.

FAIR COMMUNITY HOUSING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

9. RESERVE FUND

	Balance b/fwd £	Transfer in £	Transfer (out) £	Balance c/fwd £
External decorations reserve	547,295	143,180	-	690,475
Contingency reserve	125,000	1,000	-	126,000
Extension grant	20,000	-	-	20,000
Total	<u>692,295</u>	<u>144,180</u>	<u>-</u>	<u>836,475</u>

In accordance with the management agreement with the Council the Reserve Fund has been established to meet the following potential liabilities:

- anticipated costs in future years resulting from under-spending on repairs and services;
- known commitments for future work; and
- a contingency against costs arising from unforeseen circumstances.

The Fund will be used to meet costs in enabling the Co-operative to exercise its management functions under the management agreement in relation to the above potential liabilities. If a credit balance remains in the Reserve Fund when the management agreement ends the balance will be paid over to the Council.

As shown above the fund has been split into various components. Transfers have been made in the year to bring the balances in line with the reasonable provisions required by the management agreement.

Pending the establishment of a programme of works the external decorations fund has been increased by the allowance received for this purpose. The Management Committee expects major external redecorations to be undertaken throughout the Estate during the 2016-17 and 2017-18 financial years.

The contingency reserve represents two months' allowances from the Council.

The extension grant was received a number of years ago to extend the Organisation's main office, and it is still intended that it will be used for this purpose. There were no movements in the fund during the year.

10. OPERATING LEASE COMMITMENTS

At 31 March 2016 the organisation had annual commitments under non-cancellable operating leases as follows:

	2016 £	2015 £
Expiry date:		
Between 2 and 5 years	2,664	-
After more than 5 years	-	2,664
	<u>2,664</u>	<u>2,664</u>

FAIR COMMUNITY HOUSING SERVICES LIMITED

SCHEDULE TO THE DETAILED ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2016

11. NET INCOME/(EXPENSES) FROM RENTAL ACTIVITY

	2016 £	2015 £
Rent receivable	1,600,294	1,594,247
Less: rent payable	<u>(1,600,294)</u>	<u>(1,594,247)</u>
Voids allowance	30,829	30,726
Water commission	8,259	8,280
Less: rent losses from voids (properties)	(10,992)	(36,140)
Less: bad and slow debt provision	(19,702)	(4,218)
Less: handbacks, allowances and waivers	(5,975)	(1,399)
Write off old rent balances	10,698	-
	<u>13,117</u>	<u>(2,751)</u>
Net income/(expenditure)		

During the year an amount of £10,698 representing unidentified credit balances going back to 2011 when the Council took over rent collection from the Co-operative has been written back because the Council has no record of it being payable.

12. STAFF COSTS

	2016 £	2015 £
Salaries	71,851	111,895
NI	7,583	11,490
Pension contributions	-	1,337
Agency and consultant costs	127,933	80,127
Staff recruitment	3,504	1,000
Staff training and other expenses	5,035	6,581
	<u>215,906</u>	<u>212,430</u>
Total		

Allocated:

	2016 £	2015 £
Office administration	99,563	88,929
Housing management	42,429	44,599
Estate maintenance	73,914	78,902
	<u>215,906</u>	<u>212,430</u>
Total		

The average number of staff employed during the year was 5 (2015: 5).

FAIR COMMUNITY HOUSING SERVICES LIMITED

SCHEDULE TO THE DETAILED ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2016

13. ESTATE COSTS

	2016	2015
	£	£
Cleaning and grounds maintenance	147,132	144,440
Response repairs and maintenance	124,401	104,768
Heating and system maintenance	46,176	47,356
Communal lighting	15,632	3,814
Door entry system	-	28,731
Communal repairs and security	3,499	8,164
Consultancy fees	6,877	3,537
Staff costs	73,914	78,902
Total	417,631	419,712

14. ADMINISTRATION COSTS

	2016	2015
	£	£
Printing, stationery and postage	3,473	6,289
Staff costs - Office administration and housing management (see Note 12)	141,992	133,528
Computer expenses	740	603
Telephone, fax & alarm	3,322	3,727
Insurance	3,664	3,465
Office machinery maintenance & leasing	1,508	1,185
Bank charges	700	784
Payroll administration	970	1,046
Subscriptions & publications	729	397
Office costs	345	1,027
Office cleaning	3,942	4,013
Travel & general expenses	268	1,377
Tangible fixed assets - depreciation	902	745
Total	162,555	158,186

FAIR COMMUNITY HOUSING SERVICES LIMITED

SCHEDULE TO THE DETAILED ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2016

15. LEGAL AND PROFESSIONAL COSTS

	2016 £	2015 £
Legal & consultancy fees	460	425
Auditors' remuneration - statutory audit	5,950	7,200
Auditors' remuneration - accountancy	2,000	-
Auditors' remuneration - other	2,100	1,150
Total	10,510	8,775

16. COMMITTEE & COMMUNITY EXPENSES

	2016 £	2015 £
Committee training & conferences	1,967	3,084
Committee and community expenses	9,783	7,465
Total	11,750	10,549

No members of the Management Committee were employed by the Organisation in the current or previous years or received any taxable benefits.

1 Committee member received reimbursement of travel and subsistence expenses of £134 (2015: 2 received £185)

No member of the Management Committee had an interest in any contract of the Organisation except as residents on a similar basis of occupancy to other tenants.

