

Registered number : 29067R

FAIR COMMUNITY HOUSING SERVICES LIMITED

MANAGEMENT COMMITTEE'S REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

FAIR COMMUNITY HOUSING SERVICES LIMITED

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FAIR COMMUNITY HOUSING SERVICES LIMITED

LEGAL AND ADMINISTRATIVE INFORMATION

MANAGEMENT COMMITTEE

Teddy Amoyaw - Chair
Heleen Cadwallader - Deputy Chair
Tim Gadd - Treasurer
Christine Nicholls - Secretary
Vanessa Shone
Ina Negoita
Karen O'Toole (resigned 8 May 2017)
Alika Agidi-Jeffs (resigned 10 January 2017)
Seval Tahsin (resigned 10 January 2017)
Kenneth Higgins (resigned 8 January 2017)
David Goodchild (resigned 3 August 2016)
Emily Dent (resigned 7 June 2016)
Ifra Khan (resigned 7 June 2016)
David Monaghan (resigned 7 June 2016)
Inocente Novo (resigned 7 June 2016)

LONDON BOROUGH OF 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

Kreston Reeves LLP
Chartered Accountants and Statutory Auditor
3rd Floor
24 Chiswell Street
London
EC1Y 4YX

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 2017

The Management Committee presents their report and the financial statements for the year ended 31 March 2017.

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 John's Estate
St Olaves Estates

Services are run under the management agreement signed in 2004.

Review of activities for the year

Repairs

We have continued to improve the service and produce efficiencies by increasing the proportion of our repairs to our tenanted homes carried out by our in house repairs team. 95% of the repairs that are the responsibility of FCHS under the management agreement were done on time. The majority of these repairs were carried out by our in house staff who are usually able to attend and do the job the same or the next day access allowing.

Empty Homes (voids)

There was a steady improvement throughout the year in this area with the average time taken to let our homes (the period from the end of the old tenancy to the start of the new one) now standing at just over 27 days. We are now carrying out the majority of the repairs to our empty homes ourselves as well.

Housing Management

We had major success in 2016-17 in working with Southwark to recover 3 properties from households that were in unlawful occupation.

Income collection and rent arrears recovery

The majority of our income comes from the management allowances that Southwark pays us to manage the services that we are responsible for under the management agreement. We also collect rent on behalf of the council and carry out early intervention work where household in rent arrears. If we collect in excess of 98% of the rent due from our tenants Southwark are required to pay the difference. If we collect less, then we are required to pay Southwark. We collected 99.10% of the rent due in 2016-17, which resulted in Southwark paying FCHS Ltd just under £17,000. It was noticeable during the second half of the year however, that rent collection was decreasing while the arrears rose. A major factor in this was the introduction of Universal Credit and this continues to be an issue.

External decoration programme

No external decorations work was done during the course of financial year 2016-17 although a condition rating exercise was undertaken by Keegans which will inform the programme of works that will start this financial year.

Social activities

The 2016 senior citizens lunch was a great success during 2016 -17 as was the Royal Big Lunch Event, which was organised by Potters Field Park Management, with the assistance of FCHS. We are aiming to increase the number of community activities through active participation in events such as the big picnic and through building on partnerships with other community organisations operating in this area.

Community engagement

As well as the events referred to above the board has sought to increase levels of community engagement through successfully bidding for funding from the Tenants and Residents Social Improvement Grant to deliver the Dream Garden project. We anticipate that this, together with other external funding will help us to run a range of activities and deliver physical improvements in the old "pocket park" area at the rear of Coxson Way.

FAIR COMMUNITY HOUSING SERVICES LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2017 (continued)

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 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.

Disclosure of information to auditors

Each of the persons who are Management Committee members at the time when this Management Committee report is approved has confirmed that:

- so far as the member is aware, there is no relevant audit information of which the Co-operative's auditors are unaware, and
- the member has taken all the steps that ought to have been taken as a member in order to be aware of any relevant audit information and to establish that the Co-operative's auditors are aware of that information.

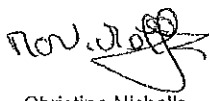
Auditors

The auditors, Kreston Reeves LLP, were appointed during the year and 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.

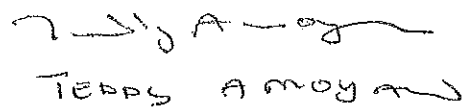
Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

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


Christine Nicholls
Secretary


Management Committee member


Management Committee member

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 2017, set out on pages 6 to 17. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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'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 AND AUDITORS

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 Auditing Practices Board'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 Co-operative'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 Report of the Management Committee 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 2017 and of its income and expenditure 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 Co-operative and Community Benefit Societies Act 2014.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit, the information given in Management Committee's report for the financial year for which the financial statements are prepared is consistent with those financial statements and this report has been prepared in accordance with applicable legal requirements.

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

FAIR COMMUNITY HOUSING SERVICES LIMITED

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

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.

Kreston Reeves LLP
Chartered Accountants and Statutory Auditor
Third Floor
24 Chiswell Street
London
EC1Y 4YX

Date:

FAIR COMMUNITY HOUSING SERVICES LIMITED

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2017

	Note	2017 £	2016 £
Income			
LB Southwark - allowances		720,344	756,572
LB Southwark - leaseholder service charge adjustment		6,119	6,438
Net income/(expenditure) from rental activity	15	26,464	13,117
Other income		3,717	3,117
		<u>756,644</u>	<u>779,244</u>
Expenditure			
Estate costs		425,918	417,631
Administration costs		167,026	162,555
Legal and professional costs		16,791	10,510
Committee & community expenses		14,940	11,750
		<u>624,675</u>	<u>602,446</u>
Interest receivable		8,159	5,940
Profit before tax		<u>140,128</u>	<u>182,738</u>
Taxation		(1,632)	(1,188)
Surplus for the year after taxation		<u>138,496</u>	<u>181,550</u>

There was no other comprehensive income for 2017 (2016: £NIL).

The notes on pages 9 to 17 form part of these financial statements.

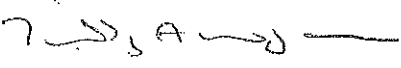
FAIR COMMUNITY HOUSING SERVICES LIMITED

BALANCE SHEET AS AT 31 MARCH 2017

	Note	£	2017 £	£	2016 £
FIXED ASSETS					
Tangible assets	5		2,551		2,706
CURRENT ASSETS					
Debtors	6	56,791		58,736	
Cash at bank and in hand		1,323,815		1,146,483	
		<u>1,380,606</u>		<u>1,205,219</u>	
CREDITORS: amounts falling due within one year	7	<u>(183,400)</u>		<u>(146,664)</u>	
NET CURRENT ASSETS			1,197,206		1,058,555
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,199,757</u>		<u>1,061,261</u>
CAPITAL AND RESERVES					
Called up share capital	8		26		26
Reserve fund	9	836,475		836,475	
Surplus fund	10	363,256		224,760	
			<u>1,199,757</u>		<u>1,061,261</u>

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the Committee members on and were signed on their behalf by:


Teddy Amoyaw
Chair


Tim Gadd
Treasurer

The notes on pages 9 to 17 form part of these financial statements.

FAIR COMMUNITY HOUSING SERVICES LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2017**

	Share Capital £	Reserve Fund £	Surplus Fund £	Total Equity £
At 1 April 2016	26	836,475	224,760	1,061,261
Comprehensive income for the year Profit for the year			138,496	138,496
Total comprehensive income for the year	<u>26</u>	<u>836,475</u>	<u>363,256</u>	<u>1,199,757</u>
Transfers between reserves	-	-	-	-
At 31 March 2017	<u>26</u>	<u>836,475</u>	<u>363,256</u>	<u>1,199,757</u>

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2016**

	Share Capital £	Reserve Fund £	Surplus Fund £	Total Equity £
At 1 April 2015	26	692,295	187,390	879,711
Comprehensive income for the year Profit for the year			181,550	181,550
Total comprehensive income for the year	<u>26</u>	<u>692,295</u>	<u>368,940</u>	<u>1,061,261</u>
Transfers between reserves	-	144,180	(144,180)	-
At 31 March 2016	<u>26</u>	<u>836,475</u>	<u>224,760</u>	<u>1,061,261</u>

The notes on pages 9 to 17 form part of these financial statements.

FAIR COMMUNITY HOUSING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1. GENERAL INFORMATION

Fair Community Housing Services Limited is a private limited company incorporated and domiciled in England & Wales, and registered under the Co-operative and Community Benefit Societies Act 2014. The address of its principal office and principal place of business can be found on page 1. The principal activity of the Organisation is that of being responsible for the management, maintenance, and improvement of housing accommodation and any associated amenities and environment in the area of benefit.

2. ACCOUNTING POLICIES

2.1. Basis of preparation of financial statements

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

Information on the impact of first-time adoption of FRS 102 is given in note 14.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2. 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. Both income and expenditure are stated net of VAT. Employment costs are allocated to the different activities on the basis of estimated time of each employee.

2.3. 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).

2.4. 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 the fixed assets, less their estimated residual value, over their expected useful lives on the following basis:

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.

FAIR COMMUNITY HOUSING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (continued)

2. ACCOUNTING POLICIES (continued)

2.5. Debtors and creditors

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

2.6. Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.7. Financial instruments

The Organisation only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

2.8. Interest income

Interest income is recognised in the Statement of Comprehensive Income.

2.9. Taxation

Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively. The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date by the UK Government.

2.3. Operating leases

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

2.4. Pensions

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

2.6. 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.

2.7. 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.

FAIR COMMUNITY HOUSING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (continued)

2. ACCOUNTING POLICIES (continued)

2.8. 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.

3. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in Note 2, the Management Committee are required to make judgements, estimates and assumptions which affect the reported amounts of assets, liabilities, revenues and expenses. The committee members base their judgements, estimates and assumptions on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates under different judgements or assumptions.

4. TAXATION

	2017 £	2016 £
Corporation tax charge for the year	<u>1,632</u>	<u>1,188</u>

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% (2016 - 20%).

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2016 - lower than) the standard rate of corporation tax in the UK of 20% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
Profit/(loss) on ordinary activities before tax	<u>140,128</u>	<u>182,738</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2016 - 20%)	28,026	36,548
Effects of:		
Non-taxable income and expenses	(26,394)	(35,360)
Total tax charge for the year	<u><u>1,632</u></u>	<u><u>1,188</u></u>

Factors that may affect future tax charges

From 1 April 2015 a single unified rate of corporation tax has been introduced of 20%, equivalent to the small company rate previously in force.

A reduction in this rate to 19% is already planned to take place on 1 April 2017. Originally it was intended that the rate would fall again to 18% on 1 April 2020, it has now been announced that a lower rate of 17% will apply from that date.

FAIR COMMUNITY HOUSING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (continued)

5. TANGIBLE FIXED ASSETS

	Office equipment £
Cost	
At 1 April 2016	10,258
Additions	695
At 31 March 2017	<u>10,953</u>
Depreciation	
At 1 April 2016	7,552
Charge for the year	850
At 31 March 2017	<u>8,402</u>
Net book value	
At 31 March 2017	<u>2,551</u>
At 31 March 2016	<u>2,706</u>

6. DEBTORS

	2017 £	2016 £
Rent arrears	132,726	120,316
Provision for bad debts	(99,357)	(89,572)
Trade debtors	548	-
VAT refund due	-	609
Amounts due from LB Southwark	-	10,508
Prepayments and other debtors	22,874	16,875
	<u>56,791</u>	<u>58,736</u>

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £	2016 £
Trade creditors	16,376	9,132
Corporation tax	1,632	1,188
Other taxation and social security	22,002	3,707
Rent received in advance	63,384	53,840
Amounts due to LB Southwark	6,141	44,140
Accruals and other creditors	73,865	34,657
	<u>183,400</u>	<u>146,664</u>

FAIR COMMUNITY HOUSING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (continued)

8. SHARE CAPITAL

	2017 £	2016 £
260 Membership of £0.10 each (all allotted, called up, and fully paid)	<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.

9. RESERVES

	Reserve Fund £	Surplus fund £
At 1 April 2016	836,475	224,760
Surplus for the financial year	-	138,496
Transfers to the Reserve fund	-	-
At 31 March 2017	<u>836,475</u>	<u>363,256</u>

10. SURPLUS FUND

	Balance b/fwd £	Surplus/ (Deficit) £	Transferred out £	Surplus fund £
Accumulated surplus	224,760	138,496	-	363,256
Total	<u>224,760</u>	<u>138,496</u>	<u>-</u>	<u>363,256</u>

The Organisation, under its Management Agreement chapter 4 paragraph 8, needs to maintain a Reserve fund (see Note 11) 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 2017 (continued)

11. RESERVE FUND

	Balance b/fwd £	Transferred in £	Transferred out £	Surplus fund £
External decorations reserve	690,475	-	-	690,475
Contingency reserve	126,000	-	-	126,000
Extension grant	20,000	-	-	20,000
Total	<u>836,475</u>	<u>-</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 potential liabilities disclosed in note 10.

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 decoration 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 2017-18 financial year.

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.

12. OPERATING LEASE COMMITMENTS

At 31 March 2017 the organisation had commitments under non-cancellable operating leases as follows:

	2017 £	2016 £
Payments falling due:		
Within one year	2,664	2,664
Between 1 year and 2 years	<u>4,637</u>	<u>7,301</u>

13. Post-balance sheet events

In April 2017 FCHS suffered a burglary and a flood within the space of two weeks. Insurance claims were lodged with Zurich municipal and we have received a payment of £1700 in respect of stolen and damaged items. The Estate Manager advises that he is seeking clarification from the insurer regarding their position on whether this payment is in full and final settlement. All stolen and damaged items have been itemised.

14. First time adoption of FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.

FAIR COMMUNITY HOUSING SERVICES LIMITED

SCHEDULE TO THE DETAILED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017

15. NET INCOME/(EXPENDITURE) FROM RENTAL ACTIVITY

	2017 £	2016 £
Rent receivable	1,594,902	1,600,294
Less: rent payable	<u>(1,594,902)</u>	<u>(1,600,294)</u>
Water refund received	88,923	-
Water refund passed on to residents	<u>(88,922)</u>	<u>-</u>
Voids allowance	30,341	30,829
Water commission	8,524	8,259
Less: rent losses from voids (properties)	(4,129)	(10,992)
Less: bad and slow debt provision	(9,785)	(19,702)
Handbacks, allowances, and waivers	408	(5,975)
Write off old rent balances	1,104	10,698
Net income/(expenditure) from rental activity	<u><u>26,464</u></u>	<u><u>13,117</u></u>

16. STAFF COSTS

	2017 £	2016 £
Salaries	129,757	71,851
NI	13,988	7,583
Pension contributions	3,334	-
Agency and consultant costs	114,114	127,933
Staff recruitment	2,245	3,504
Staff training and other expenses	6,482	5,035
	<u><u>269,920</u></u>	<u><u>215,906</u></u>

Allocated:

	2017 £	2016 £
Office administration	32,680	99,563
Housing management	87,366	42,429
Estate maintenance	149,874	73,914
	<u><u>269,920</u></u>	<u><u>215,906</u></u>

The average number of staff employed during the year was 3 (2016: 5).

FAIR COMMUNITY HOUSING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (continued)

17. ESTATE COSTS

	2017 £	2016 £
Cleaning and grounds maintenance	150,075	147,132
Response repairs and maintenance	64,320	124,401
Heating and system maintenance	40,056	46,176
Communal lighting	12,031	15,632
Communal repairs and security	9,562	3,499
Consultancy fees	-	6,877
Staff costs	149,874	73,914
	<u>425,918</u>	<u>417,631</u>

18. ADMINISTRATION COSTS

	2017 £	2016 £
Printing, stationery and postage	3,822	3,473
Staff costs - Office administration and housing management (see note 16)	120,046	141,992
Computer expenses	919	740
Telephone, fax and alarm	4,053	3,322
Insurance	4,111	3,664
Office machinery maintenance & leasing	3,041	1,508
Bank charges	857	700
Payroll administration	1,668	970
Subscriptions & publications	1,133	729
Office costs	19,297	345
Office cleaning	7,229	3,942
Travel & general expenses	-	268
Depreciation of tangible fixed assets	850	902
	<u>167,026</u>	<u>162,555</u>

19. LEGAL AND PROFESSIONAL COSTS

	2017 £	2016 £
Legal and consultancy fees	9,766	460
Auditors' remuneration - statutory audit	7,025	5,950
Auditors' remuneration - accountancy	-	2,000
Auditors' remuneration - other	-	2,100
	<u>16,791</u>	<u>10,510</u>

FAIR COMMUNITY HOUSING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (continued)

20. COMMITTEE & COMMUNITY EXPENSES

	2017 £	2016 £
Committee training & conferences	2,547	1,967
Committee and community expenses	12,393	9,783
Total	<u>14,940</u>	<u>11,750</u>

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

No Committee members received reimbursement of travel and subsistence expenses during the year (2016: 1 received £134).

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.

