

Registered number : 29067R

FAIR COMMUNITY HOUSING SERVICES LIMITED

MANAGEMENT COMMITTEE'S REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

FAIR COMMUNITY HOUSING SERVICES LIMITED

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FAIR COMMUNITY HOUSING SERVICES LIMITED

LEGAL AND ADMINISTRATIVE INFORMATION

MANAGEMENT COMMITTEE

Teddy Amoyaw - Chair
Helen Cadwallader - Deputy Chair
Tim Gadd - Treasurer
Christine Nicholls - Secretary
Vanessa Shone
Ina Negoita

LONDON BOROUGH OF SOUTHWARK MONITORING AND SUPPORT OFFICER

Maeve Campbell

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 2018

The Management Committee presents their report and the financial statements for the year ended 31 March 2018.

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 maintained the improvements to our repairs and maintenance service and 84% of the repairs completed were done by our own repair and maintenance team, rather than outside contractors. This is reassuring for residents that not only want their repairs to be done speedily and to a good standard but also by someone that is a familiar face. 96% of the repairs that are the responsibility of FCHS under the management agreement were done on time. We are now in position to commission a handypersons service to cover to give both leaseholders and tenants an alternative option when in need of minor repairs or DIY tasks that are their responsibility under the terms of their lease or tenancy. We have been approached by a number of smaller TMOs that have expressed a desire to buy in to our service.

Empty Homes (voids)

We continue to carry out the majority of the repairs to our empty homes in preparation for re-letting. The void turnaround performance (the amount of time between the end of the old tenancy and the letting of the new tenancy) was 21 days.

Housing Management

We had major success in 2017-18 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 households are in rent arrears. If we collect in excess of 98% of the rent due from our tenants Southwark are required to pay the difference. In 2017-18 we collected 99.35% which resulted in Southwark paying FCHS and additional £19,275 over the course of the year.

External decoration programme

It was our intention to start decorations works during the course of 2017-18 on the communal hallways, stairwells and landings within blocks 4 -7 Devon Mansions. Unfortunately, we encountered a number of issues that have resulted in delays in being able to start the work, the main issue being getting a structural survey from Southwark following concerns around cracking to ceilings wall and the landings on the upper floors in particular. We are now in the process of consulting with residents across a number of our blocks and we are confident that works will be well underway by the end of this financial year.

Social activities

Once again, the Senior Citizens lunch was a great success as was the 2017 Big Picnic Event, which was organised by Potters Field Park Management Trust, with the assistance of FCHS. We have 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 2018 (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 Organisation'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 Organisation's auditors are aware of that information.

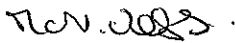
Auditors

The auditors, Kreston Reeves LLP, 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

OPINION

We have audited the financial statements of Fair Community Housing Services Limited (the 'Organisation') for the year ended 31 March 2018 which comprise the Income and Expenditure Account, Balance Sheet, Statement of Changes in Equity 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).

This report is made solely to the Organisation's members, as a body, in accordance with Section 87 of the Organisation 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 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 Organisation's members as a body, for our audit work, for this report, or for the opinions we have formed.

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 2018 and of its Income and Expenditure for the year then ended; and
- 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, the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing in England 2015.

BASIS OF OUR 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 Organisation 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 committee's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the committee has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Organisation'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 committee is 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 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.

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

RESPONSIBILITIES OF THE COMMITTEE OF MANAGEMENT

As explained more fully in the committee's responsibilities statement as set out on page 3, the committee is 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 board 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 committee is responsible for assessing the Organisation'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 committee either intends to liquidate the Organisation 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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but, except to the extent otherwise explicitly stated in our report, not for the purpose of expressing an opinion on the effectiveness of the Organisation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board.
- Conclude on the appropriateness of the board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organisation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organisation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

FAIR COMMUNITY HOUSING SERVICES LIMITED

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Kreston Reeves LLP
Chartered Accountants & Statutory Auditors
London

Date:

FAIR COMMUNITY HOUSING SERVICES LIMITED

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2018

	Note	2018 £	2017 £
Income			
LB Southwark - allowances		713,265	720,344
LB Southwark - leaseholder service charge adjustment		10,744	6,119
Net income/(expenditure) from rental activity	13	(9,978)	26,464
Other income		16,439	3,717
		<u>730,470</u>	<u>756,644</u>
Expenditure			
Estate costs		452,893	425,918
Administration costs		182,747	167,026
Legal and professional costs		13,637	16,791
Committee & community expenses		23,563	14,940
		<u>672,840</u>	<u>624,675</u>
Interest receivable		4,156	8,159
Profit before tax		<u>61,786</u>	<u>140,128</u>
Taxation	4	(790)	(1,632)
Surplus for the year after taxation		<u><u>60,996</u></u>	<u><u>138,496</u></u>

There was no other comprehensive income for 2018 (2017: £NIL).

The notes on pages 10 to 18 form part of these financial statements.

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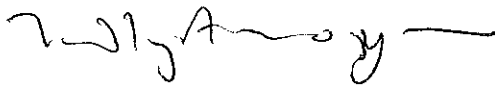
FAIR COMMUNITY HOUSING SERVICES LIMITED

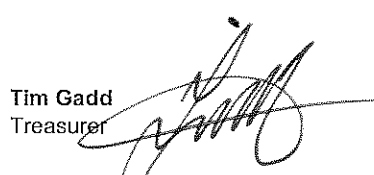
BALANCE SHEET AS AT 31 MARCH 2018

	Note	£	2018 £	£	2017 £
FIXED ASSETS					
Tangible assets	5		8,385		2,551
CURRENT ASSETS					
Debtors	6	76,183		56,791	
Cash at bank and in hand		1,302,614		1,323,815	
		<u>1,378,797</u>		<u>1,380,606</u>	
CREDITORS: amounts falling due within one year	7	<u>(126,430)</u>		<u>(183,400)</u>	
NET CURRENT ASSETS			1,252,367		1,197,206
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,260,752</u>		<u>1,199,757</u>
CAPITAL AND RESERVES					
Called up share capital	8		26		26
Reserve fund	9		836,475		836,475
Surplus fund	10		424,252		363,256
			<u>1,260,753</u>		<u>1,199,757</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 10 to 18 form part of these financial statements.

FAIR COMMUNITY HOUSING SERVICES LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018

	Share Capital £	Reserve Fund £	Surplus Fund £	Total Equity £
At 1 April 2017	26	836,475	363,256	1,199,757
Comprehensive income for the year				
Profit for the year			60,996	60,996
Total comprehensive income for the year	<u>26</u>	<u>836,475</u>	<u>424,252</u>	<u>1,260,753</u>
Transfers between reserves	-	-	-	-
At 31 March 2018	<u>26</u>	<u>836,475</u>	<u>424,252</u>	<u>1,260,753</u>

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>

The notes on pages 10 to 18 form part of these financial statements.

FAIR COMMUNITY HOUSING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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.

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 2018 (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.

2.10. Operating leases

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

2.11. Pensions

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

2.12. 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.

2.1 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 2018 (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 Organisation'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

	2018 £	2017 £
Corporation tax charge for the year	<u>790</u>	<u>1,632</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 19% (2017 - 20%).

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2017 - lower than) the standard rate of corporation tax in the UK of 19% (2017 - 20%). The differences are explained below:

	2017 £	2016 £
Profit/(loss) on ordinary activities before tax	<u>61,786</u>	<u>140,128</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 20%)	11,739	28,026
Effects of:		
Non-taxable income and expenses	(10,949)	(26,394)
Total tax charge for the year	<u><u>790</u></u>	<u><u>1,632</u></u>

Factors that may affect future tax charges

A reduction in the corporation tax rate to 19% took 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 2018 (continued)

5. TANGIBLE FIXED ASSETS

	Office equipment £
Cost	
At 1 April 2017	10,954
Additions	8,682
Disposals	(296)
At 31 March 2018	<u>19,340</u>
Depreciation	
At 1 April 2017	8,403
Charge for the year	2,795
Depreciation on disposals	(243)
At 31 March 2018	<u>10,955</u>
Net book value	
At 31 March 2018	<u>8,385</u>
At 31 March 2017	<u>2,551</u>

6. DEBTORS

	2018 £	2017 £
Rent arrears	149,335	132,726
Provision for bad debts	(122,021)	(99,357)
Trade debtors	649	548
VAT refund due	-	-
Amounts due from LB Southwark	-	-
Prepayments and other debtors	48,220	22,874
	<u>76,183</u>	<u>56,791</u>

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Trade creditors	3,053	16,376
Corporation tax	790	1,632
Pension contributions due	191	-
Other taxation and social security	17,022	22,002
Rent received in advance	76,905	63,384
Amounts due to LB Southwark	6,689	6,141
Accruals and other creditors	21,780	73,865
	<u>126,430</u>	<u>183,400</u>

FAIR COMMUNITY HOUSING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

8. SHARE CAPITAL

	2018 £	2017 £
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 2017	836,475	363,256
Surplus for the financial year	-	60,996
Transfers to the Reserve fund	-	-
At 31 March 2018	<u>836,475</u>	<u>424,252</u>

10. SURPLUS FUND

	Balance b/fwd £	Surplus/ (Deficit) £	Transferred out £	Surplus fund £
Accumulated surplus	363,256	60,996	-	424,252
Total	<u>363,256</u>	<u>60,996</u>	<u>-</u>	<u>424,252</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 2018 (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 2018-19 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 2018 the organisation had commitments under non-cancellable operating leases as follows:

	2018 £	2017 £
Payments falling due:		
Within one year	2,664	2,664
Between 1 year and 2 years	<u>1,973</u>	<u>4,637</u>

FAIR COMMUNITY HOUSING SERVICES LIMITED

SCHEDULE TO THE DETAILED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018

13. NET INCOME/(EXPENDITURE) FROM RENTAL ACTIVITY

	2018 £	2017 £
Rent receivable	1,514,220	1,594,902
Less: rent payable	<u>(1,514,220)</u>	<u>(1,594,902)</u>
Water refund received	-	88,923
Water refund passed on to residents	<u>-</u>	<u>(88,922)</u>
Voids allowance	28,939	30,341
Water commission	-	8,524
Less: rent losses from voids (properties)	(3,243)	(4,129)
Less: bad and slow debt provision	(21,717)	(9,785)
Handbacks, allowances, and waivers	(13,957)	408
Write off old rent balances	-	1,104
Net income/(expenditure) from rental activity	<u><u>(9,978)</u></u>	<u><u>26,464</u></u>

14. STAFF COSTS

	2018 £	2017 £
Salaries	244,438	129,757
NI	25,850	13,988
Pension contributions	11,282	3,334
Agency and consultant costs	46,784	114,114
Staff recruitment	4,000	2,245
Staff training and other expenses	2,804	6,482
	<u><u>335,158</u></u>	<u><u>269,920</u></u>

Allocated:

	2018 £	2017 £
Office administration	57,572	32,680
Housing management	88,657	87,366
Estate maintenance	188,929	149,874
	<u><u>335,158</u></u>	<u><u>269,920</u></u>

The average number of staff employed during the year was 7 (2017: 3).

FAIR COMMUNITY HOUSING SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH
2018 (continued)**

15. ESTATE COSTS

	2018	2017
	£	£
Cleaning and grounds maintenance	153,081	150,075
Response repairs and maintenance	56,451	64,320
Heating and system maintenance	38,378	40,056
Communal lighting	4,128	12,031
Communal repairs and security	11,926	9,562
Consultancy fees	-	-
Staff costs	188,929	149,874
	<u>452,893</u>	<u>425,918</u>

16. ADMINISTRATION COSTS

	2018	2017
	£	£
Printing, stationery and postage	5,376	3,822
Staff costs - Office administration and housing management (see note 14)	146,229	120,046
Computer expenses	1,460	919
Telephone, fax and alarm	5,160	4,053
Insurance	4,315	4,111
Office machinery maintenance & leasing	2,841	3,041
Bank charges	778	857
Payroll administration	1,537	1,668
Subscriptions & publications	2,776	1,133
Office costs	2,549	19,297
Office cleaning	6,878	7,229
Travel & general expenses	-	-
Depreciation of tangible fixed assets	2,795	850
Loss on disposal of tangible fixed assets	53	-
	<u>182,747</u>	<u>167,026</u>

17. LEGAL AND PROFESSIONAL COSTS

	2018	2017
	£	£
Legal and consultancy fees	5,115	9,766
Auditors' remuneration - statutory audit	8,522	7,025
Auditors' remuneration - accountancy	-	-
Auditors' remuneration - other	-	-
	<u>13,637</u>	<u>16,791</u>

FAIR COMMUNITY HOUSING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

18. COMMITTEE & COMMUNITY EXPENSES

	2018 £	2017 £
Committee training & conferences	933	2,547
Committee and community expenses	22,630	12,393
Total	<u>23,563</u>	<u>14,940</u>

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

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.