

Fair Community Housing Services Limited

Financial Statements
for the
Year ended 31 March 2014

Registered under the Industrial and Provident Societies Act 1965
Registered number 29067R

Fair Community Housing Services Limited
Financial statements for the year ended 31 March 2014
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Fair Community Housing Services Limited
Legal and administrative information
Year ended 31 March 2014

Committee Members	Teddy Amoyaw	Chair
	David Monaghan	Vice Chair
	Adesoji Adenowo	Treasurer
	Vanessa Shone	Secretary
	Abdulkarim Ali	
	Helen Cadwallader	
	David Goodchild	
	Leslie Smith	
	Ebun West	
	Deborah Youens	
	Tracey Stedman	(LB Southwark monitoring & support officer)

TMO manager	Abiola Olatunji	(to 20 June 2014)
	Owen Ramsay	(from 28 July 2014)

Bankers	LloydsTSB Bank plc Camberwell Green Business Centre PO Box 288 London SE5 7AB
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Auditors	MHA MacIntyre Hudson Chartered Accountants & Statutory Auditor New Bridge Street House 30 - 34 New Bridge Street London EC4V 6BJ
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Registered office	Horselydown Offices 2 Fair Street London SE1 2XA
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Legislative Provisions

The Co-operative is incorporated with limited liability under Industrial and Provident Societies Act 1965 registered number 29067R

**Fair Community Housing Services Limited
Report of the Management Committee
for the year ended 31 March 2014**

The Management Committee presents its report and financial statements for the year ended 31 March 2014.

Principal activity

The principal activity of the Organisation is the provision of maintenance and management services for the Fair Community Housing Estate on behalf of the London Borough of Southwark under a management agreement signed in 2003 that is currently being renegotiated.

Results

The deficit for the year was £156,754 (2013: surplus £132,733) before net transfers from the reserve fund and restricted reserves of £211,391 (2013: £139,867 - transfer out).

Review of activities

The Organisation is pleased to submit this report which provides an outline of activities during 2013-14 - a period of further improvement and consolidation.

By the end of the financial year, 80% of the Organisation's staffing complement was in place with a vacant role yet to be filled. With the new team settled, there are clear signs of improvement to the service provided to residents as a result of having a multi-skilled operative undertaking multiple low level repairs on a day to day basis on behalf of the Organisation. This in turn helps reduce the annual costs of repairs.

A number of projects previously brought to the attention of residents are now completed with the plans for at least one other scheme at an advanced stage. An update on these as follows:

Better Homes programme - Internal improvement works to tenanted properties are now completed with Axis (the appointed contractor) delivering within the timescales set at the beginning of the project. The properties were identified through a detailed stock condition survey which identified properties classified as in urgent need for a replacement. A total of 16 bathroom; 1 toilet and 29 kitchens were renewed and rewired.

Security Door Entry System - The door entry system at Coxson Way and part of St John's Estate are now completed. There has been immediate benefit through the reduction of loitering and the use of Coxson Way as a walk-through - thus improving security. Again, there has been positive feedback from the residents of these blocks.

Internal decoration programme - Plans are currently at an advanced stage (tender evaluation) to carry out communal decoration works to 6 Devon Mansions blocks. These were categorised as urgent by the an independent surveyor.

We have also been busy on the social front. The senior citizens' Christmas lunch for 2013 funded by the Organisation was again a huge success. Earlier in the year the Organisation held a summer fun day in partnership with the Downside Fisher youth club. These are some of the activities we plan to build on in the future through engaging with residents.

/Continued ...

**Fair Community Housing Services Limited
Report of the Management Committee
for the year ended 31 March 2014**

(Continued)

Ballot

In June 2014 a continuation ballot was held to confirm that residents wanted the Organisation to continue its management of the estates making up Fair Community. The Committee are delighted that the overwhelming majority of tenants and leaseholders were in favour.

Management Committee

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

Auditors

The Organisation's auditors, MHA MacIntyre Hudson, offer themselves for reappointment by the members at the forthcoming Annual General Meeting.

Signed on behalf of the Committee Members



Vanessa Shone

Secretary

16 September 2014

Independent auditors' report to Fair Community Housing Services Limited

We have audited the financial statements of Fair Community Housing Services Limited for the year ended 31 March 2014 which comprise the Income and Expenditure Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the Organisation in accordance with Section 9 of the Friendly and Industrial and Provident Societies Act 1968. Our audit work has been undertaken so that we might state to the Organisation 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 for our audit work, for this report, or for the opinions we have formed.

Responsibilities of Committee members

The Committee members are responsible for preparing the Annual Report and the accounts in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

The law relating to industrial and provident societies require the Committee members to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Organisation and of its income and expenditure of the Organisation for that period. In preparing those accounts the Committee members 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 accounts, and
- prepare the accounts on a going concern basis (unless it is inappropriate to presume that the Organisation will continue in operation).

The Committee members are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Organisation and enable them to ensure that the accounts comply with the Industrial and Provident Societies Acts 1965 to 2002. They have general responsibility for taking reasonable steps to safeguard the assets of the Organisation and to prevent and detect fraud and other irregularities.

Responsibilities of Auditors

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 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.

/Continued ...

**Independent auditors' report to
Fair Community Housing Services Limited**
(Continued)

In addition, we read all the financial and non-financial information in the Report of the Committee Members 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

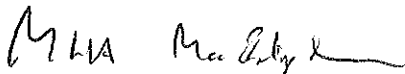
In our opinion the financial statements:

- give a true and fair view of the state of the Organisation's affairs as at 31 March 2014 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 applicable to Smaller Entities and the Industrial and Provident Societies Acts 1965 to 2002.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Industrial and Provident Societies Acts 1965 to 2002 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or
- the Organisation has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account; or
- we have not received all of the information and explanations we require for our audit.



MHA MacIntyre Hudson

Chartered Accountants & Statutory Auditor
New Bridge Street House
30 - 34 New Bridge Street
London
EC4V 6BJ

Date: 30.10.14

Fair Community Housing Services Limited
Income and Expenditure Account
for the year ended 31 March 2014

	Notes	2014	2013
		£	£
Income			
Allowances and other income	11	768,562	746,053
Net rental activity	12	<u>(13,981)</u>	<u>28,801</u>
		754,581	774,854
Expenditure			
Employment costs	13	204,654	204,608
Direct estate expenses	14	656,938	363,181
Premises expenses	15	8,740	22,735
Office administration expenses	16	15,737	21,345
Legal and professional fees	17	19,980	19,921
Committee and communications	18	<u>4,183</u>	<u>8,430</u>
		(910,232)	(640,220)
(Deficit) / Surplus on ordinary activities before taxation		<u>(155,651)</u>	<u>134,634</u>
Corporation tax	2	(1,103)	(1,901)
(Deficit) / Surplus for the year	6	<u>£ (156,754)</u>	<u>£ 132,733</u>

Notes

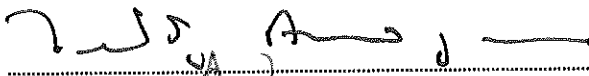

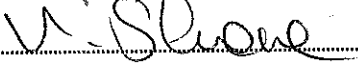
The notes on pages 8-13 are an integral part of these accounts.

Movements in reserves (representing transfers to/from the Surplus Fund) are shown in Notes 6 and 7.

Fair Community Housing Services Limited
Balance Sheet
as at 31 March 2014

	Notes	£	2014 £	£	2013 £
Tangible fixed assets	3		2,614		4,582
Current assets					
Debtors	4	64,899		70,195	
Cash at bank and in hand		<u>1,001,155</u>		<u>1,095,922</u>	
		1,066,054		1,166,117	
Creditors: amounts falling due within one year	5	<u>(354,853)</u>		<u>(300,129)</u>	
Net current assets			711,201		865,988
Total assets less liabilities			<u>£ 713,815</u>		<u>£ 870,570</u>
Capital and reserves					
Surplus fund	6		165,180		110,543
Reserve fund	7		528,609		740,000
Restricted reserve	8		<u>20,000</u>		<u>20,000</u>
			713,789		870,543
Share capital	9		<u>26</u>		<u>27</u>
			<u>£ 713,815</u>		<u>£ 870,570</u>

These financial statements which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008) were approved and authorised for issue by the Management Committee Members on 16 September 2014 and signed on their behalf by:-


 TEDDY AMOYAW, Chair

 ADESOJI ADENOWO, Treasurer

 VANESSA SHONE, Secretary

The notes on pages 8-13 are an integral part of these accounts.

Fair Community Housing Services Limited
Notes to the Financial Statements
for the year ended 31 March 2014

1 Accounting policies

General

The principal accounting policies of the Organisation are set out in the paragraphs below. These accounts are prepared under the historical cost convention and in accordance with applicable accounting standards Financial Reporting Standard for Small Entities (FRSSE April 2008).

The effect of events relating to the year ended 31 March 2014, which occurred before the date of approval of the financial statements by the Management Committee have been included in the financial statements to the extent required to show a true and fair view of the state of affairs at 31 March 2014, and of the results for the year ended on that date.

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 include amounts due at the year end. Employment costs are allocated to the different activities on the basis of estimated time of each employee.

Fixed assets

Office equipment is depreciated at 25% of its net book value at the start of the year as adjusted for additions and disposals.

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.

Operating leases

Rentals paid under operating leases are charged against income on a straight line basis over the lease term.

Pensions

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

Surplus fund and Reserve fund

The Organisation, under its Management Agreement chapter 4 paragraph 8, has designated a Reserve fund 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. If 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, and not refundable to the local authority. Movements on the funds are shown in Notes 6 and 7.

Restricted reserves

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

Fair Community Housing Services Limited
Notes to the Financial Statements
for the year ended 31 March 2014

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 - £1000 = 25%
over £1000 = 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		2014	2013
		£	£
	Corporation tax charge for the year	<u>£ 1,103</u>	<u>£ 1,901</u>

As a Tenant Management Organisation managing a local authority estate, the Organisation is exempt from taxation on its estate management activity. Its taxable income, Bank interest receivable, is taxed at an effective rate of 20% (2013 = 20%).

3 Tangible fixed assets - Office equipment

	£
Cost	
At 1 April 2013	13,015
Disposals	<u>(4,496)</u>
At 31 March 2014	<u>8,519</u>
Depreciation	
At 1 April 2013	8,433
Charge for the year	1,968
On disposals	<u>(4,496)</u>
At 31 March 2014	<u>5,905</u>
Net book value	
At 31 March 2014	<u>£ 2,614</u>
At 31 March 2013	<u>£ 4,582</u>

4 Debtors		2014	2013
		£	£
	Rent receivable	96,711	85,379
	Less: Provision for bad debts and slow collection	<u>(65,652)</u>	<u>(47,690)</u>
	Net rent arrears	31,059	37,689
	VAT refund	14,404	-
	Prepayments and other debtors	19,436	32,506
		<u>£ 64,899</u>	<u>£ 70,195</u>

Fair Community Housing Services Limited
Notes to the Financial Statements
for the year ended 31 March 2014

5	Creditors: amounts falling due within one year	2014	2013
		£	£
	Rent received in advance	48,112	40,145
	Due to LB Southwark	229	229
	PAYE/NIC	3,653	7,013
	Corporation tax	1,103	1,901
	VAT	-	40,222
	Trade creditors	101,117	66,371
	Gas servicing contract payable	45,736	58,000
	Accruals and other creditors	154,903	86,248
		<u>£ 354,853</u>	<u>£ 300,129</u>

6	Surplus fund	2014	2013
		£	£
	Balance brought forward	110,543	117,677
	(Deficit)/Surplus for the year (page 6)	(156,754)	132,733
	Transfers in (see Note 7)	300,000	22,000
	Transfers out (see Note 7)	(88,609)	(161,867)
	Balance carried forward	<u>£ 165,180</u>	<u>£ 110,543</u>

The Organisation, under its Management Agreement chapter 4 paragraph 8, needs to maintain a Reserve fund 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.

7	Reserve fund	Balance	Transfer in	Transfer out	Balance
		1 April 2013			31 March 2014
		£	£	£	£
	External decorations reserve	320,000	83,609	-	403,609
	Better Homes project reserve	300,000	-	(300,000)	-
	Contingency reserve	120,000	5,000	-	125,000
		<u>£ 740,000</u>	<u>£ 88,609</u>	<u>£ (300,000)</u>	<u>£ 528,609</u>

As explained in Note 6 the purpose of the Reserve fund is to provide for anticipated costs in managing the Fair Community Housing Estate; in the event of the management agreement ending the fund will be paid to LB Southwark. 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.

Included in the External decorations reserve is £74,167 relating to works expected to be undertaken in 2014-15. Pending the establishment of a programme of works the fund has been increased by the allowance received for this purpose.

£295,735 was expended from the Better Homes Project reserve and because the programme has been concluded the balance has been transferred back to the Surplus fund.

The Contingency reserve at the year end represents approximately two months of allowances.

Fair Community Housing Services Limited
Notes to the Financial Statements
for the year ended 31 March 2014

8	Restricted reserves	Balance 1 April 2013	Transfer in	Transfer out	Balance 31 March 2014
		£	£	£	£
	Extension grant	20,000	-	-	20,000

The Extension grant was received a number of years ago to extend the office, and it is intended that it will still be used for this purpose. There was no use of the fund in the year.

9	Share capital & membership	2014 No.	2013 No.
	At 1 April 2013	269	260
	Shares issued in year	10	9
	Shares redeemed in year	(12)	-
	At 31 March 2014	<u>267</u>	<u>269</u>

Membership is open to all residents of Fair Community Housing Services Estate. Each member holds one share of £0.10p which is irredeemable, non-transferable and gives no entitlement to a dividend. Members are entitled to attend and vote at general meetings.

10	Obligations under equipment operating leases	2014 £	2013 £
	Annual commitments expiring		
	Expiring within		
	Within one year	-	240
	Within two to five years	1,268	1,268

11	Income	2014 £	2013 £
	LB Southwark - allowances	747,793	731,150
	LB Southwark - leaseholder service charge adjustment	11,473	(585)
	Other LB Southwark income	-	2,150
	Bank interest receivable	5,516	9,504
	Sundry income	3,780	3,834
		<u>£ 768,562</u>	<u>£ 746,053</u>

12	Rental activity	2014 £	2013 £
	Rent receivable from tenants	1,599,986	1,473,332
	Rents payable to LB Southwark	<u>(1,599,986)</u>	<u>(1,473,332)</u>
		-	-
	Voids	(30,664)	(12,542)
	Bad and slow debt provision	(15,631)	6,451
	Collection charges	(182)	(92)
	Void allowance	24,478	27,724
	Water commission	8,018	7,260
		<u>£ (13,981)</u>	<u>£ 28,801</u>

Fair Community Housing Services Limited
Notes to the Financial Statements
for the year ended 31 March 2014

13 Employment costs	2014	2013
	£	£
Salaries	132,343	113,646
Employer's NI	13,999	12,582
Pension contributions	3,531	3,285
	<u>149,873</u>	<u>129,513</u>
Staff recruitment & other costs	5,991	11,819
Agency staff	48,790	63,276
	<u>£ 204,654</u>	<u>£ 204,608</u>
Allocated to:		
- Office administration	87,193	78,166
- Housing management	52,186	40,196
- Estate maintenance	65,275	86,246
	<u>£ 204,654</u>	<u>£ 204,608</u>

The average number of staff employed during the year was 5 (2013 = 4).

14 Estate expenses	2014	2013
	£	£
Response repairs and maintenance	123,838	136,374
Cleaning & grounds maintenance	151,465	130,226
Heating & system maintenance	50,538	77,218
Communal repairs & security	13,660	18,333
Internal improvements	243,371	-
Door entry system	52,364	-
Decoration allowances	2,258	1,030
Consultants fees	19,444	-
	<u>£ 656,938</u>	<u>£ 363,181</u>

15 Office premises expenses	2014	2013
	£	£
Office costs	1,720	4,574
Office cleaning	3,459	3,725
Office reception improvements	-	11,000
Insurance	3,561	3,436
	<u>£ 8,740</u>	<u>£ 22,735</u>

Fair Community Housing Services Limited
Notes to the Financial Statements
for the year ended 31 March 2014

16 Office administration expenses	2014	2013
	£	£
Stationery & postage	5,592	3,099
Computer expenses	5,257	4,978
Office machinery maintenance & leasing	2,151	3,946
Lease provision cancelled (see below)	(7,000)	-
Subscription & publications	386	438
Telephone, fax & alarm	4,251	4,627
Bank charges & interest	733	729
Payroll administration	969	1,061
Travel & general expenses	1,430	939
Depreciation	1,968	1,528
	<u>£ 15,737</u>	<u>£ 21,345</u>

A provision was made a number of years ago following a claim by a company leasing equipment to the Organisation. Because the Organisation was successful in refuting the claim the provision is no longer required.

17 Legal and professional fees	2014	2013
	£	£
Auditors remuneration - statutory audit	7,680	6,800
Auditors remuneration - other services	2,280	700
Legal & consultancy	9,400	12,421
Penalty interest	620	-
	<u>£ 19,980</u>	<u>£ 19,921</u>

18 Committee and residents communication	2014	2013
	£	£
Community development	1,847	1,865
Communication expenses	1,200	3,864
Committee training & conferences	1,136	2,701
	<u>£ 4,183</u>	<u>£ 8,430</u>

