

FAIR COMMUNITY HOUSING SERVICES LIMITED

MANAGEMENT COMMITTEE'S REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

FAIR COMMUNITY HOUSING SERVICES LIMITED

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FAIR COMMUNITY HOUSING SERVICES LIMITED

LEGAL AND ADMINISTRATIVE INFORMATION

MANAGEMENT COMMITTEE

Helen Cadwallader - Acting Chair
Vanessa Shone - Secretary
Tim Gadd - Treasurer
Christine Nicholls
Teddy Amoyaw
Ebun West
Oteng Asabre
Florence Essien
Ernest Abdallah
Patrick Morrison

LONDON BOROUGH OF SOUTHWARK MONITORING AND SUPPORT OFFICER

Alex Heslop

ESTATE MANAGER

Abiola Olatunji

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 Bank plc
25 Camberwell Green
PO Box 288
London
SE5 7AB

FAIR COMMUNITY HOUSING SERVICES LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2019

The Management Committee presents their report and the financial statements for the year ended 31 March 2019.

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 Estate

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, with the majority of the repairs completed by our own repair and maintenance team, rather than outside contractors. This is reassuring for residents who not only want their repairs to be done speedily and to a good standard but also by someone that is a familiar face. 98.4% of the repairs that are the responsibility of FCHS under the management agreement were done on time. We have now introduced a handypersons service 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.

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 28 days compared with a Southwark average of 31.81 days.

HOUSING MANAGEMENT

We had major success in 2018-19 recovering 3 properties from households that were in unlawful occupation.

INCOME COLLECTION AND RENT ARREARS

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 2018-19 we collected (99.74%) which resulted in Southwark paying FCHS an additional £51,166.95 over the course of the year.

EXTERNAL DECORATION PROGRAMME

It was our intention to start decorations works during the course of 2018-19 on the communal hallways, stairwells and landings within blocks 4 - 7 Devon Mansions and at Lewes House. Unfortunately, we encountered a number of issues that have resulted in delays in being able to start the work including, obtaining a structural survey from Southwark following concerns around cracking to ceilings, walls and the landings on the upper floors in these blocks, difficult decisions about the treatment of glazed brickwork and complications in the procurement process. We have revised the schedule of works to start with Blocks 1-3 and are working with Southwark to resolve remaining procurement issues and are confident that a rescheduled programme of works will be underway during the next financial year.

FAIR COMMUNITY HOUSING SERVICES LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2019

SOCIAL ACTIVITIES

We are pleased to confirm that FCHS has continued in its aim to provide fun and inclusive social activities for all residents. A seaside trip to Margate organised by FCHS last summer, provided an enjoyable day out for residents, with recycled water bottles provided for everyone and activity bags for the children. Two barbecue's were also held in June and September, which were jointly organised with one of our community partners Avant Gardening. These events brought the local community together to socialise and engage local children in planting, canvas painting and creativity. The Senior Citizens Christmas lunch in December was also a success once again, with our over 60's residents reporting that they had an enjoyable time. We invited local residents to join us for a three-course Christmas lunch in a local restaurant and provided £30.00 vouchers for those residents whom were unable to attend on the day to ease the cost of Christmas.

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 Tenant and Residents Social Improvement Grant to deliver the Dream Garden project. We anticipate that this, together with other sources of external funding, will enable us to run a range of activities and deliver physical improvements in the old 'pocket park' area at the rear of Coxson Way.

MANAGEMENT COMMITTEE

Members of the management committee are listed above/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 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.

FAIR COMMUNITY HOUSING SERVICES LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2019

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

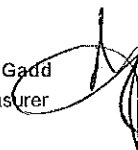
In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

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

19 NOVEMBER 2019.


Vanessa Shone
Secretary


Helen Cadwallader
Acting Chair


Tim Gadd
Treasurer

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 2019 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 by 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).

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 2019 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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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 Report of the Management Committee.

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, 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 Management Committee.

FAIR COMMUNITY HOUSING SERVICES LIMITED

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

- Conclude on the appropriateness of the Management Committee'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.

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.

USE OF OUR REPORT

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.



Kreston Reeves LLP
Chartered Accountants & Statutory Auditors
London

Date: 11 DECEMBER 2019

FAIR COMMUNITY HOUSING SERVICES LIMITED
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2019

	Note	2019 £	2018 £
Income			
LB Southwark - allowances		728,117	713,265
LB Southwark - leaseholder service charge adjustment		20,882	10,744
Net income/(expenditure) from rental activity	14	19,427	(9,978)
Other income		4,504	11,439
Grant income		6,000	5,000
		<u>778,930</u>	<u>730,470</u>
Expenditure			
Estate costs		469,052	452,893
Administration costs		225,408	182,747
Legal and professional costs		29,277	13,637
Committee & community expenses		28,343	23,563
		<u>752,080</u>	<u>672,840</u>
Interest receivable		8,994	4,156
Surplus before tax		<u>35,844</u>	<u>61,786</u>
Taxation	4	(1,709)	(790)
Surplus for the year after taxation		<u>34,135</u>	<u>60,996</u>

There was no other comprehensive income for 2019 (2018: £Nil).

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

FAIR COMMUNITY HOUSING SERVICES LIMITED


BALANCE SHEET AS AT 31 MARCH 2019

	Note	£	2019 £	£	2018 £
FIXED ASSETS					
Tangible assets	5		7,318		8,385
CURRENT ASSETS					
Debtors	7	57,108		76,183	
Cash at bank and in hand		1,446,733		1,302,614	
		<u>1,503,841</u>		<u>1,378,797</u>	
CREDITORS: amounts falling due within one year	8	<u>(216,275)</u>		<u>(126,430)</u>	
NET CURRENT ASSETS			1,287,566		1,252,367
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,294,884</u>		<u>1,260,752</u>
CAPITAL AND RESERVES					
Called up share capital	9		23		26
Reserve fund	10, 12		826,475		836,475
Surplus fund	10, 11		468,387		424,252
			<u>1,294,885</u>		<u>1,260,753</u>

The organisation's financial statements have been prepared in accordance with the provisions applicable to companies subject to the entities 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 19 NOVEMBER 2019 and were signed on their behalf by:

Helen Cadwallader
Acting 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 2019

	Share Capital £	Reserve Fund £	Surplus Fund £	Total Equity £
At 1 April 2018	26	836,475	424,252	1,260,753
Comprehensive income for the year				
Profit for the year			34,135	34,135
Total comprehensive income for the year	<u>26</u>	<u>836,475</u>	<u>458,387</u>	<u>1,294,888</u>
Transfers between reserves	-	(10,000)	10,000	-
Share Buyback	(3)	-	-	(3)
At 31 March 2019	<u>23</u>	<u>826,475</u>	<u>468,387</u>	<u>1,294,885</u>

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>

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 2019

1. GENERAL INFORMATION

Fair Community Housing Services Limited is a private company, limited by shares 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 Section 1A, the Financial Reporting Standard applicable in the UK and the Republic of Ireland.

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

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 spent on each activity by 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.

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.

FAIR COMMUNITY HOUSING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)

2. ACCOUNTING POLICIES (continued)

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

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 Income and expenditure account.

2.9. Taxation

Tax is recognised in the Income and expenditure account, 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

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 defined contribution stakeholder pension scheme for the staff and reflects the amount due for the year in the accounts. A defined contribution pension scheme is a pension scheme under which the organisation pays fixed contributions into a separate entity. Once the contributions have been paid the organisation has no further payment obligations.

The contributions are recognised as an expense in the Income and expenditure account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held

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.

2.13 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

2.14 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.

FAIR COMMUNITY HOUSING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)

3. JUDGEMENTS 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

	2019 £	2018 £
Corporation tax charge for the year	<u>1,709</u>	<u>790</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% (2018 - 19%).

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2018 - lower than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £	2018 £
Profit/(loss) on ordinary activities before tax	<u>35,844</u>	<u>61,786</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	6,810	11,739
Effects of: Non-taxable income and expenses	(5,101)	(10,949)
Total tax charge for the year	<u>1,709</u>	<u>790</u>

Factors that may affect future tax charges

The corporation tax rate became 19% 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 2019 (continued)

5. TANGIBLE FIXED ASSETS

	Office equipment £
Cost	
At 1 April 2018	19,340
Additions	1,430
Disposals	(623)
At 31 March 2019	<u>20,147</u>
Depreciation	
At 1 April 2018	10,955
Charge for the year	2,497
Depreciation on disposals	(623)
At 31 March 2019	<u>12,829</u>
Net book value	
At 31 March 2019	<u>7,318</u>
At 31 March 2018	<u>8,385</u>

6. ACCOMMODATION OWNED AND IN MANAGEMENT

The number of units owned at the year end was 0. The number of units managed at the year end was 557, plus 55 non-residential properties. Of these residential properties, 308 units were tenanted, 249 were leasehold. There were 10 voids during the period.

7. DEBTORS

	2019 £	2018 £
Rent arrears	144,709	149,335
Provision for bad debts	(116,873)	(122,021)
Trade debtors	13,472	649
VAT refund due	-	-
Amounts due from LB Southwark	-	-
Prepayments and other debtors	15,800	48,220
	<u>57,108</u>	<u>76,183</u>

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	2018 £
Trade creditors	60,771	3,053
Corporation tax	1,709	790
Pension contributions due	190	191
Other taxation and social security	17,129	17,022
Rent received in advance	86,462	76,905
Amounts due to LB Southwark	7,238	6,689
Accruals and other creditors	42,776	21,780
	<u>216,275</u>	<u>126,430</u>

FAIR COMMUNITY HOUSING SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019 (continued)**

9. SHARE CAPITAL

	2019 £	2018 £
231 Membership of £0.10 each (all allotted, called up, and fully paid)	<u>23</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.

10. RESERVES

	Reserve Fund £	Surplus fund £
At 1 April 2018	836,475	424,252
Surplus for the financial year	-	34,135
Transfers to the Reserve fund	(10,000)	10,000
At 31 March 2019	<u>826,475</u>	<u>468,387</u>

11. SURPLUS FUND

	Balance b/fwd £	Surplus/ (Deficit) £	Transferred in £	Surplus fund £
Accumulated surplus	424,252	34,135	10,000	468,387
Total	<u>424,252</u>	<u>34,135</u>	<u>10,000</u>	<u>468,387</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 2019 (continued)**

12. RESERVE FUND

	Balance b/fwd £	Transferred in £	Transferred out £	Surplus fund £
External decorations reserve	690,475	-	-	690,475
Contingency reserve	126,000	-	(10,000)	116,000
Extension grant	20,000	-	-	20,000
Total	<u>836,475</u>	<u>-</u>	<u>(10,000)</u>	<u>826,475</u>

In accordance with the management agreement with the Council the Reserve Fund has been established to meet the potential liabilities disclosed in note 11.

The fund will be used to meet costs in enabling the organisation 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.

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.

13. OPERATING LEASE COMMITMENTS

At 31 March 2019 the organisation had commitments under non-cancellable operating leases as follows:

	2019 £	2018 £
Payments falling due:		
Within one year	1,973	2,664
Between 1 year and 2 years	-	1,973
	<u>1,973</u>	<u>4,637</u>

The lease payment recognised as an expense during the year was £2,664 (2018: £2,664).

14. NET INCOME/(EXPENDITURE) FROM RENTAL ACTIVITY

	2019 £	2018 £
Rent receivable	1,456,049	1,514,220
Less: rent payable	<u>(1,456,049)</u>	<u>(1,514,220)</u>
Voids allowance	27,680	28,939
Less: rent losses from voids (properties)	(7,779)	(3,243)
Less: bad and slow debt provision	5,148	(21,717)
Handbacks, allowances, and waivers	(5,622)	(13,957)
Net income/(expenditure) from rental activity	<u>19,427</u>	<u>(9,978)</u>

FAIR COMMUNITY HOUSING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019 (continued)

15. STAFF COSTS	2019 £	2018 £
Salaries	285,858	244,438
NI	30,148	25,850
Pension contributions	13,568	11,282
Agency and consultant costs	19,042	46,784
Staff recruitment	-	4,000
Staff training and other expenses	2,192	2,804
	<u>350,808</u>	<u>335,158</u>
Allocated:	2019 £	2018 £
Office administration	79,226	57,572
Housing management	103,485	88,657
Estate maintenance	168,097	188,929
	<u>350,808</u>	<u>335,158</u>

The average number of staff employed during the year was 8 (2018: 7).

16. ESTATE COSTS	2019 £	2018 £
Cleaning and grounds maintenance	162,157	153,081
Devon mansions holes project	27,143	-
Response repairs and maintenance	60,616	56,451
Heating and system maintenance	37,995	38,378
Communal lighting	4,217	4,128
Communal repairs and security	8,827	11,926
Staff costs	168,097	188,929
	<u>469,052</u>	<u>452,893</u>

FAIR COMMUNITY HOUSING SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019 (continued)**

17. ADMINISTRATION COSTS

	2019 £	2018 £
Printing, stationery and postage	5,535	5,376
Staff costs - Office administration and housing management (see note 15)	182,711	146,229
Staff training and other expenses	3,208	-
Computer expenses	1,495	1,460
Telephone, fax and alarm	6,596	5,160
Insurance	4,392	4,315
Garage Rental	2,060	-
Office machinery maintenance & leasing	2,841	2,841
Bank charges	930	778
Payroll administration	1,849	1,537
Subscriptions & publications	3,170	2,776
Office costs	3,220	2,549
Office cleaning	4,498	6,878
Sundry expenses	406	-
Depreciation of tangible fixed assets	2,497	2,795
Loss on disposal of tangible fixed assets	-	53
	<u>225,408</u>	<u>182,747</u>

18. LEGAL AND PROFESSIONAL COSTS

	2019 £	2018 £
Legal and consultancy fees	23,775	5,115
Auditors' remuneration - statutory audit	5,502	8,522
	<u>29,277</u>	<u>13,637</u>

19. COMMITTEE & COMMUNITY EXPENSES

	2019 £	2018 £
Committee training & conferences	1,664	933
Committee and community expenses	26,679	22,630
Total	<u>28,343</u>	<u>23,563</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.