

Company Registered Number 1197478

Charity Registered Number 269158

London Cyrenians Housing Limited

Report and financial statements

for the year ended

31 MARCH 2020

LONDON CYRENIANS HOUSING LIMITED

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LONDON CYRENIANS HOUSING LIMITED

LEGAL AND ADMINISTRATIVE DETAILS

STATUS	Company limited by guarantee without share capital and registered as a charity
REGISTERED OFFICE	Carlyle House 235-237 Vauxhall Bridge Road London SW1V 1EJ
HONORARY OFFICERS	Stephen Bashorun (Chair) Michael Driver (Chair of Finance C'tte)
BANKERS	Barclays Bank plc Level 27 1 Churchill Place Canary Wharf London E14 5HP
AUDITOR	Nexia Smith & Williamson 25 Moorgate London EC2R 6AY
ACCOUNTANTS & FINANCIAL ADVISERS	Smith & Williamson LLP 25 Moorgate London EC2R 6AY
SOLICITORS	Trowers & Hamlins
COMPANY REGISTERED NUMBER	1197478
CHARITY REGISTERED NUMBER	269158
REGISTERED PROVIDER OF SOCIAL HOUSING NUMBER	LH4377

LONDON CYRENIANS HOUSING LIMITED

REPORT OF THE BOARD OF TRUSTEES AND STRATEGIC REPORT for the year ended 31 MARCH 2020

The Board of Trustees presents its report and strategic report and the accounts for the year ended 31 March 2020. The Income and Expenditure Account, Statement of Financial Position, Statement of Changes in Equity and Reserves, and Statement of Cash Flows are included later in this report.

Activities

The principal activity of the Company is the provision of housing and support to single vulnerable people with a range of complex needs.

Public Benefit

In setting objectives and planning our activities we have given careful consideration to the Charity Commission's general guidance on public benefit. All our activities are undertaken in furtherance of our charitable purposes which are for the public benefit.

Review of Affairs

The Company's main focus for 2019/20 was to review our key activities and identify those areas where we could improve the range, quality and variety of the services provided to our service users. Many of the improvements were completed during the year and others are still in progress.

Capital spending on our owned buildings has been carefully targeted so as to obtain the best outcome for the amount of expenditure incurred. The programme established for building new units, or enlarging some of our owned buildings, is progressing and the necessary planning consents have been obtained for several properties which will enable the construction work to commence in 2020/21.

Staff training and development has been concentrated on providing carefully focused learning with a high degree of relevance to our core activities. We have four in-house trainers who cascade learning and best practice to front line staff.

All our services continue to be comprehensively risk assessed every year by an external health and safety consultant providing reassurance that the services are being delivered within a safe and secure environment.

Our growth path and developments are closely aligned with the aims and objectives in our strategic plan and we are proud to be consistently ranked amongst the best providers in our sector.

We would like to take this opportunity to thank our service users and staff for their commitment and dedication, to thank our Commissioners for their ongoing support plus constructive feedback and to thank our Board for their guidance and forward thinking.

LONDON CYRENIANS HOUSING LIMITED

REPORT OF THE BOARD OF TRUSTEES AND STRATEGIC REPORT for the year ended 31 MARCH 2020 (continued)

Risks and uncertainties in the immediate future

In common with the whole of the supported housing sector, the principal risks facing the organisation are as follows:

1. The continuing decline in the value of support contracts.
2. The Covid-19 pandemic in March 2020 which has thrown new challenges to the nature of service delivery. See further details on Covid-19 below.

As this phase of the Pandemic is widely believed to be past its height in the UK, LCH has undertaken a comprehensive review of our response to enable us to plan for the future. By scrutinising our practice we will be able to further improve and inform change. In order to do this we have:

- Commissioned a staff survey
- Held hub leaders focus group meetings
- Undertaken feedback meetings with commissioners
- Had service user phone-ins
- Undertaken welfare/feedback telephone calls
- Commissioned a trustee survey
- Undertaken carer updates
- Regularly reviewed and updated our Business Continuity Plan

This has enabled us to review our response to the Pandemic from a number of perspectives to enhance our future Business Continuity Plans and to think about the impact on our business.

Our proactive stance to purchasing personal protection equipment, accessing testing kits and supporting staff by travel and loyalty allowances has been positively received by all commissioners who took part in our Coronavirus feedback sessions. We are pulling together the feedback from the reviews into a report that will be available 1st August 2020.

The action highlighted from the review includes:

- Having 1 months' supply of PPE to counter possible future disruption to the supply chain
- Have back up plans for key business areas
- Undertaking local recruitment campaigns
- Increasing health component of staff job descriptions and training.
- Increasing working capital to extend the time we could function should income and payment systems falter or breakdown.

We do not envisage that the need for our services will diminish and anticipate that the effect of the virus may increase the need. Many of our commissioners have increased the life of contracts to give organisations, staff and service user's continuity and certainty. We are however aware that there will be a likely and deep recession and that the expense of supporting organisation through the pandemic will have to be met in part by saving from the public purse. We have therefore begun review of our central services to identify efficiencies, increase output and futureproof the organisation.

LONDON CYRENIANS HOUSING LIMITED

REPORT OF THE BOARD OF TRUSTEES AND STRATEGIC REPORT for the year ended 31 MARCH 2020 (continued)

Risk management

The Company operates a risk management system for assessing business risks utilising appropriate risk management techniques. As part of Cyrenians' business planning process, the Board:

- Reviews and updates the risk management process and undertakes reviews of key policies. These include reviewing the types of risk; prioritising risks in terms of potential impact; assessing the likelihood of occurrence; and identifying measures for mitigating the risks.
- Maintains appropriate insurance cover.
- Satisfies themselves that Cyrenians' internal controls are consistent with best practice and provide a sound basis for managing our affairs.

Disabled persons

Fair consideration is given to disabled applicants who seek employment with the Company. The Company will also where appropriate provide training and other support to members of staff who become disabled during their employment.

Employee information

Employees are provided with regular bulletins about the organisation's activities and development plans. Employees also receive briefings through formal and informal Company meetings, staff conference, supervisions, appraisals, and ad hoc meetings and events. The Company values the feedback from its employees which it collects and reviews on a regular basis.

Key performance indicators

The Company's key performance indicators are occupancy, staff turnover and arrears. Performance against these for 2019/20 was as follows:

	2020	2019
Occupancy	88%	89%
Staff turnover	31%	23.6%
Arrears	5.7%	4.9%

Occupancy levels in 2019/20 were impacted by major works in two properties which involved units being vacant while the work was carried out and replacement service users to be obtained in July 2020. Staff turnover percentage was up compared with last year but this is similar across the sector. Effort is continuously being made to improve the staff turnover. The arrears increase is due to the delay in processing of Housing benefit claims by some councils due to Covid-19.

Value for Money Metrics (continued)

The following VfM metrics have been calculated as recommended by the Regulator of Social Housing:

- **Reinvestment** – 17.35% (2019: N/A) The reinvestment metric in 2020 is driven by the purchase of the property "The Butts" during the year. All other expenditure was revenue expenditure on maintenance of our housing stock.

LONDON CYRENIANS HOUSING LIMITED

REPORT OF THE BOARD OF TRUSTEES AND STRATEGIC REPORT for the year ended 31 MARCH 2020 (continued)

Value for Money Metrics (continued)

- **New supply delivered** – 7,21% (2019: N/A) The company purchased a property to add to its owned properties during the financial year which contributed 7 units to its existing owned portfolio of 90.
- **Gearing** - London Cyrenians has no borrowing.
- **EBITDA MRI-Interest cover** - London Cyrenians has no borrowing and therefore no interest to cover.
- **Headline social housing cost per unit** - £7,791 (2019: £8,300)
The low cost per unit reflects the stringent cost control measures in place.
- **Operating margin** – 3.2% (2019: 4.0%)
- **Return on capital employed (ROCE)** – 2.81% (2019: 3.63%)

Due to the unique combination of services benchmark data from other similar organisations may not provide meaningful, comparative information. We do however use data obtained through this method gleaned to inform our decisions.

Level of Reserves

In line with best practice Cyrenians seeks to maintain unrestricted reserves and working capital at a level that is prudent and sufficient to ensure that the Company's current and planned future activities can be operated effectively and to enable any unexpected financial interruption to be satisfactorily managed. No more than 10% of income in any one year is used to increase unrestricted reserves which is a funder requirement. To satisfy these policy objectives Cyrenians aims to maintain its designated and general reserves at a level equivalent to the proportion of projected income which equates to the usual notice period in our operational contracts.

Disclosure of Information to the Auditor

The Board of Trustees (directors and trustees of the company) who held office at the date of approval of this Board report confirm that, so far as they are each aware, there is no relevant audit information of which the auditor is unaware; and each director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

The Board

The Board of Trustees are appointed following: an open recruitment process; meetings with senior members of staff; attendance as observers at board meetings; and an interview with the Cyrenians Chair: all these steps are in accordance with Cyrenians' written procedures. The following served during the period:

S. Bashorun	H. Maxwell
D. Cammiade (resigned 01.11.2019)	A. Diggle
L. Graley	M. Driver
Prof B. Thomas	C. Thompson
J. Ward-Smith	S. Chamberlain

LONDON CYRENIANS HOUSING LIMITED

REPORT OF THE BOARD OF TRUSTEES AND STRATEGIC REPORT for the year ended 31 MARCH 2020 (continued)

The Board (continued)

All members of the Board are members of the Company and guarantee to contribute to the assets of the Company, in the event of it being wound up, such amounts as may be required not exceeding £1. The number of guarantees at 31 March 2020 was nine (2019-10).

Members of the Board have no beneficial interest in the Company and are not remunerated. They are indemnified by the Company against legal action arising in the course of their duties.

DIRECTORS' RESPONSIBILITIES STATEMENT

The Board is responsible for preparing a Report of the Board of Trustees and Strategic Report and the financial statements in accordance with applicable law and regulations.

The law requires the Board to prepare financial statements for each financial year. Under that law the Board has elected to prepare the Company's financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". The Board must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the surplus or deficit for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Board are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company, and to enable them to ensure that the financial statements comply with the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. They are also responsible for safeguarding the assets of the Company, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor

A resolution to re-appoint Nexia Smith & Williamson as auditor to the Company will be submitted to the Annual General Meeting in September 2020.

This report was approved by the Board of Trustees on 23 July 2020 and signed on its behalf by:



Stephen Bashorun
Chair

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LONDON CYRENIANS
HOUSING LIMITED****Opinion**

We have audited the financial statements of London Cyrenians Housing Limited (the 'charitable company') for the year ended 31 March 2020 which comprise the Income and Expenditure Account, the Statement of Financial Position, the Statement of Changes in Equity and Reserves, the Statement of Cash Flows and the 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2020 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered providers Social Housing 2019.

Basis for 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 charitable company 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 directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company'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.

Emphasis of matter - Covid-19

We draw attention to note 1 of the financial statements which notes the impact of COVID-19 on the Company. We have not modified our report in this regard.

Other information

The other information comprises the information included in the Report and financial statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LONDON CYRENIANS HOUSING LIMITED (CONTINUED)

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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Board of Trustees and Strategic Report prepared for the purpose of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Board of Trustees and Strategic Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Board of Trustees and Strategic Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 7, the directors are 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 directors 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 directors are responsible for assessing the charitable company'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 directors either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LONDON CYRENIANS HOUSING LIMITED (CONTINUED)

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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company'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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Nexia Smith & Williamson

Julie Mutton
Senior Statutory Auditor, for and on behalf of
Nexia Smith & Williamson
Statutory Auditor
Chartered Accountants

25 Moorgate
London
EC2R 6AY

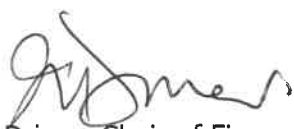
Date: 31/7/20

LONDON CYRENIANS HOUSING LIMITED

INCOME AND EXPENDITURE ACCOUNT for the year ended 31 March 2020

	Note	2020	2019
		£	£
Turnover	3	9,547,273	12,212,968
Operating expenditure		(9,202,588)	(11,733,571)
Operating surplus	3	344,685	479,397
Other income		125,604	79,184
Interest receivable and similar income	7	84,541	50,663
(Loss)/gain on fair value of investment	18	(31,270)	6,799
Surplus before property revaluation		523,560	616,043
(Loss)/gain on revaluation of investment property	8	(30,070)	816,349
Surplus for the financial year		493,490	1,432,392

The financial statements were approved by the Board of Trustees on 23 July 2020 and were signed on its behalf by:



Michael Driver, Chair of Finance Committee



Stephen Bashorun, Chair

Registered number 1197478 England and Wales

The notes on pages 15 to 25 form part of these financial statements.

LONDON CYRENIANS HOUSING LIMITED

STATEMENT OF FINANCIAL POSITION as at 31 March 2020

	Notes	2020	2019
		£	£
Fixed assets			
Investment property	8	2,913,000	2,943,070
Tangible assets – housing properties	9	10,240,769	8,209,182
		<u>13,153,769</u>	<u>11,152,252</u>
Current assets			
Debtors	10	372,947	360,190
Financial assets-investments	18	222,729	253,999
Cash at bank and in hand	11	6,595,124	8,894,293
		<u>7,190,800</u>	<u>9,508,482</u>
Creditors: amounts falling due in less than one year	12	(2,948,946)	(3,444,862)
Net current assets		<u>4,241,854</u>	<u>6,063,620</u>
Total assets less current liabilities		<u>17,395,623</u>	<u>17,215,872</u>
Provisions for liabilities	13	<u>(6,610,639)</u>	<u>(6,924,378)</u>
Net assets		<u>10,784,984</u>	<u>10,291,494</u>
Capital and reserves			
Designated reserves	14	1,420,195	1,420,195
Revaluation reserves		1,485,579	1,515,649
General reserves		<u>7,879,210</u>	<u>7,355,650</u>
		<u>10,784,984</u>	<u>10,291,494</u>

The financial statements were approved by the Board of Trustees on 23 July 2020 and were signed on its behalf by:


Michael Driver, Chair of Finance Committee


Stephen Bashorun, Chair

Registered number 1197478 England and Wales

The notes on pages 15 to 25 form part of these financial statements.

LONDON CYRENIANS HOUSING LIMITED

STATEMENT OF CHANGES IN EQUITY AND RESERVES FOR THE YEAR ENDED 31 MARCH 2020

	Notes	Designated Reserves £	General Reserves £	Revaluation Reserve £	Total Reserves £
At 1 April 2018		1,420,195	6,739,607	699,300	8,859,102
Total Comprehensive Income		-	1,432,392	-	1,432,392
Transfer to reserves		-	(816,349)	816,349	-
At 1 April 2019		1,420,195	7,355,650	1,515,649	10,291,494
Total Comprehensive Income		-	493,490	-	493,490
Transfers between reserves		-	30,070	(30,070)	-
At 31 March 2020		1,420,195	7,979,210	1,485,579	10,784,984

The notes on pages 15 to 25 form part of these financial statements.

LONDON CYRENIANS HOUSING LIMITED

STATEMENT OF CASH FLOWS for the year ended 31 March 2020

	Notes	2020 £	2019 £
Net cash generated from operating activities	A	191,290	470,771
Investing activities			
Interest received		84,541	50,663
Purchase of tangible fixed assets investments		(2,575,000)	-
Net cash (used in)/generated from investing activities		(2,490,459)	50,663
Financing activities			
Interest paid		-	-
Net cash generated from/(used in) financing activities		-	-
Net (decrease)/increase in cash and cash equivalents		(2,299,169)	521,434
Cash and cash equivalents at beginning of the year		8,894,293	8,372,859
Cash and cash equivalents at end of year		<u>6,595,124</u>	<u>8,894,293</u>

The notes on pages 15 to 25 form part of these financial statements.

LONDON CYRENIANS HOUSING LIMITED

NOTES TO THE STATEMENT OF CASH FLOWS for the year ended 31 MARCH 2020

A RECONCILIATION OF SURPLUS TO NET CASH GENERATED FROM OPERATING ACTIVITIES

	2020 £	2019 £
Surplus for the financial year	493,490	1,432,392
Loss/(gain) on revaluation of investment property	30,070	(816,349)
Loss/(gain) on fair value of investment	31,270	(6,799)
Interest receivable and similar income	(84,541)	(50,663)
Depreciation charge on tangible fixed assets	543,413	522,493
(Increase)/decrease in debtors	(12,757)	95,341
Decrease in creditors	(495,916)	(231,664)
Decrease in provisions	(313,739)	(473,980)
Net cash generated from operating activities	191,290	470,771

B ANALYSIS OF CHANGES IN NET FUNDS

	At 1 April 2019 £	Cash flows £	Other non- cash changes £	At 31 March 2020 £
Cash	8,894,293	(2,299,169)	-	6,595,124
Total	8,894,293	(2,299,169)	-	6,595,124

LONDON CYRENIANS HOUSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2020

1 Accounting policies

The principal accounting policies are summarised below.

Basis of preparation

London Cyrenians Housing Limited is a company limited by guarantee without share capital and registered as a charity, incorporated in England and Wales. The address of the registered office is Carlyle House, 235-237 Vauxhall Bridge Road, London, SW1V 1EJ. The company meets the definition of a Public Benefit Entity per FRS 102.

The financial statements are prepared in accordance with applicable accounting standards and with the Statement of Recommended Practice, Accounting by registered social housing providers 2018, ("the SORP") issued by the National Housing Federation. The financial statements also comply with the Accounting Direction for private registered providers of social housing 2019 ("the Direction").

These financial statements are prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". The financial statements have been prepared under the historical cost convention, except where otherwise stated, and are presented in sterling £.

Basis for consolidation

The Company is a parent undertaking as disclosed in note 17. The Company has taken exemption from preparing consolidated financial statements under FRS 102 on the basis that its subsidiary is permitted to be excluded from consolidation by section 405 of the Companies Act 2006 on the basis that its inclusion is not material for the purpose of giving a true and fair view. Given that the subsidiary is dormant, these financial statements disclose the result of the Company only.

Going concern

The Board have prepared these financial statements on a going concern basis. This follows a review of expected future cash flows taking into account the timing of expected income and expenditure. Based on that review, the Board consider that all of the Company's liabilities will be met at or before the point they fall due for a period of at least 12 months from the date of signing the accounts.

In taking this view, the financial challenges resulting from Covid-19 were taken into consideration. We do not envisage that the need for our services will diminish and anticipate that the effect of the virus may increase the need. Many of our commissioners have increased the life of contracts to give organisations, staff and service user's continuity and certainty. We are however aware that there will be a likely and deep recession and that the expense of supporting organisation through the pandemic will have to be met in part by saving from the public purse. We have therefore begun review of our central services to identify efficiencies, increase output and futureproof the organisation.

Turnover

Charges to residents and income from investments are included in the Income and Expenditure account in the year to which they relate.

Voluntary income is received by way of donation and gifts and is included in full in the Income and Expenditure account when received unless it is provided for a specific purpose in which case it is recognised in the Income and Expenditure account in the period in which the relevant expenditure is incurred.

LONDON CYRENIANS HOUSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2020

1 Accounting policies (continued)

Turnover (continued)

Revenue grants including Supporting People are credited to the Income and Expenditure account in the period to which they relate.

Legacies are recognised at the date on which the solicitors acting for the estate confirm that an amount will be payable.

Fixed assets and depreciation

The capital cost of housing properties includes the purchase price and alteration works where this enhances the economic benefit of the property. Housing properties are stated at cost less accumulated depreciation and any recognised impairment losses.

Fixed assets are depreciated at varying rates in order to write off the cost less estimated residual value of the assets over their useful lives. The useful lives are estimated as follows:

Property	13 years
Motor vehicles	3 years

The land element of property is not depreciated.

The Company has elected not to adopt component accounting in respect of its old housing properties. This decision was taken due to the fact that the useful life that would be applied to individual components was not deemed to be materially different from the 13 year useful life of property stated above. Component account has been applied in respect of the new addition made during the year and will be applied when substantial works are undertaken on existing properties which require capitalisation. The various components and associated estimated useful lives are:

Kitchens	7 years	Roofs	25 and 50 years
Bathrooms	10 years	Windows & doors	12 years
Boiler & Heating	7 years	Bricks and mortar	50 years

Impairment of housing properties

At each statement of financial position date, housing schemes are assessed to determine if there are indicators that the property may be impaired in value; if there are such indicators of impairment, then a comparison of the property's carrying value with its recoverable amount is undertaken. Any excess over the recoverable amount is recognised as an impairment loss and charged as expenditure in the Income and Expenditure account; the carrying value is reduced appropriately.

Investment property

Investment properties, which are properties held to earn rental and / or for capital appreciation, are initially measured at cost and subsequently at fair value. The directors have opted to revalue annually, with the support of independent professional valuers on a periodic basis at the balance sheet date. When the directors revalue the properties they make judgements based on current tenants, remainder of the lease term of tenancy, location, and other market conditions. Gains or losses on revaluation are recognised in the Income and Expenditure account and where these are above depreciated historic cost they are subsequently transferred to the property revaluation reserve.

LONDON CYRENIANS HOUSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2020

1 Accounting policies (continued)

Other grants

Grants received from non-government sources are recognised using the performance model. A grant which does not impose a specific future performance condition is recognised as revenue when the grant proceeds are receivable. A grant that imposes a specific future performance related conditions on the company, is recognised only when those conditions are met. A grant received before the revenue recognition criteria are satisfied is shown as a liability in the Statement of Financial Position.

Value added tax

The Company is not registered for VAT purposes and expenditure is shown gross of any value added tax.

Pension costs

The Company contributes to certain employees' personal pension plans on a defined contribution basis. Contributions are also made to the pension scheme of certain employees in accordance with their rights under TUPE. The pension cost charge represents the contributions payable under the scheme by the Company to the fund. The Company has no liability under the scheme other than for the payment of those contributions.

Contributions to defined contribution pension schemes are charged to the Income and Expenditure account as they become payable in accordance with the rules of the scheme. Differences between contributions payable in the year and those actually paid are shown as either accruals or prepayments in the Statement of Financial Position.

Designations

Designated reserves are unrestricted reserves earmarked by the Board for particular purposes. The designations are as follows:

- Hidden Homes Initiative: to ensure that Cyrenians is able to reward staff against set objectives, invest in owned properties, meet services users aims and aspirations.
- Innovation and service improvements: resources to develop and implement pioneering new services and approaches to service delivery.
- Partnerships and alliances: funds for developing collaborations with relevant organisations.
- Furniture and equipment replacements: fund for renewing contents of customers' accommodation.

General reserve

This reserve relates to the cumulative retained earnings, excluding revaluations and transfers to designated reserves.

Revaluation reserve

This reserve relates to the cumulative revaluation of investment property.

LONDON CYRENIANS HOUSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2020

1 Accounting policies (continued)

Financial instruments

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument.

Trade (including rental) and other debtors and creditors are classified as basic financial instruments and measured at initial recognition at transaction price. Debtors and creditors are subsequently measured at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that the company will not be able to collect all amounts due.

Investments are recognised at their fair value with movements going to the Income and Expenditure account.

Cash and cash equivalents

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank, short-term bank deposits with an original maturity of under a year and bank overdrafts which are an integral part of the company's cash management.

Employee benefits

Short term employee benefits such as holiday pay are accrued as services are rendered.

Operating leases

Rentals payable under operating leases are charged to Income and Expenditure on a straight line basis over the lease term. The aggregate benefits of any lease incentive are recognised as a reduction in expenses recognised over the term of the lease.

2 Key sources of estimation uncertainty and judgements

The preparation of Financial Statements requires the use of estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for income and expenses for the year. Although these estimates and associated assumptions are based on historical experience and the management's best knowledge of current events and actions, the actual results may ultimately differ from those estimates. The estimates and underlying assumptions are reviewed on an on-going basis.

Critical judgements

The following are critical judgements apart from those involving estimations (which are dealt with separately below), that the trustees make in the process of applying the Company's accounting policies and that have the most significant effect on the amount recognised in the financial statements:

Liabilities and provisions

Management's decisions as to whether a balance is recognised as accrual, creditor or provision is based upon whether the balance is deemed to meet the criteria as set in FRS 102, specifically considering, that the Company has an obligation at the reporting date as a result of past event, it is probable that the entity will be required to transfer economic benefits in settlement of this obligation, and that the obligation can be measured reliably. Management have exercised judgement when considering the probability of economic outflow.

LONDON CYRENIANS HOUSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2020

2 Key sources of estimation uncertainty and judgements (continued)

Categorisation of housing properties as investment properties or tangible fixed assets

Properties which are held to earn market rents, capital appreciation or both are accounted for as investment properties. Properties rented to provide social housing and properties used for administrative purposes are classified as tangible assets – housing properties.

Identification of housing property components

As explained in note 1 above, for additions to housing properties and capitalisation of significant works, depreciation is calculated on a component by component basis. The identification of such components is a matter of judgement and may have a material impact on the depreciation charge. The components selected are those which reflect how the major repairs to the property are managed.

Key sources of estimation uncertainty

The estimates and assumptions which have the most significant effect on amounts recognised in the financial statements are discussed below:

Valuation of Investment property

The company holds two investment properties which were previously held as housing properties. After transfer and initial recognition, the investment property is measured at its fair value. The valuation assessment at year end has been performed by the directors of the Company based on publicly available market data.

Useful lives of Company properties

The depreciation applied by the Company to its owned properties takes into account the age and condition of the properties as well as the intensive utilisation sustained by the assets due to the nature of the services and client group of the Company. The accumulated depreciation at 31 March 2020 was £4,599,053 (2019: £4,055,640).

Dilapidations provision

The Company makes provision for dilapidations to its leased properties. The provision takes account of contractual responsibilities, health and safety obligations and any other relevant regulatory requirements.

Bad debt provision

The debtor balances in respect of charges to service users and statutory bodies of £138,054 (2019: £172,821) and revenue grant receivable £165,162 (2019: £270,790) are recorded in the Company's Statement of Financial Position. A full line by line review of debtors balances is carried out regularly. The bad debt provision against these balances at 31 March 2020 was £101,871 (2019:£140,140) and £31,820 (2019:£40,865) respectively.

Accruals and provisions

The accruals and deferred income balance of £2,200,708 (2019: £2,748,638) and provision balance (excluding dilapidations) of £6,267,032 (2019: £6,580,771) comprise a number of balances which exist for range of different reasons. In arriving at the value of accrual or provision, management have applied estimation to determine the quantum of obligation fall on the Company as at year end. Classification as a short term or long term depends on management's best estimate of the timing of the obligation falling due.

LONDON CYRENIANS HOUSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2020

3 Operating surplus	2020	2019
Is stated after charging:	£	£
Depreciation	543,413	522,493
Auditor's remuneration – audit services	18,000	16,500
Operating lease payments - buildings	144,720	144,720
	<hr/>	<hr/>
Social housing income and expenditure	2020	2019
	£	£
Rental receivable	2,444,086	3,272,344
Service charges	118,730	163,958
Revenue grants	7,269,818	9,197,760
Void Losses-Operational	(130,748)	(259,912)
Void Losses-Developmental	(154,613)	(161,182)
	<hr/>	<hr/>
	9,547,273	12,212,968
	<hr/>	<hr/>

The expenditure and operating surplus from Social Housing activities are equivalent to the amounts in the Income & Expenditure account.

4 Auditor's remuneration	2020	2019
	£	£
Fees payable to the Company's auditor:		
The audit of financial statements of the Company	18,000	16,500
	<hr/>	<hr/>
5 Staff costs	2020	2019
	Number	Number
The average weekly number of persons employed during the year (full time equivalents) was:	236	280
	£	£
Staff costs for the above persons were:		
Wages and salaries	5,578,940	6,904,734
Social security costs	488,146	631,485
Pension costs	120,134	129,593
	<hr/>	<hr/>
	6,187,220	7,665,812
	<hr/>	<hr/>

LONDON CYRENIANS HOUSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2020

6 Emoluments of the Board and senior management team

The directors of the Company do not receive any remuneration and the below amounts relate solely to managerial staff considered to be key management personnel.

	2020 £	2019 £
Remuneration paid to key management personnel comprised:		
Gross salary	307,212	269,366
Social security costs	42,395	37,173
Employer's pension contributions	14,965	13,962
	<u>364,572</u>	<u>320,501</u>
	2020 £	2019 £
Highest paid director's aggregate emoluments (excluding pension)	86,385	86,365
	<u>86,385</u>	<u>86,365</u>

The Chief Executive is an ordinary member of the pension scheme and no enhancements or special terms apply. There are no other pension arrangements.

The full time equivalent number of staff whose remuneration payable in relation to the period of account fell within the following bands:

	2020 No.	2019 No.
£70,001 - £80,000	-	1
£80,001 - £90,000	<u>1</u>	<u>1</u>

7 Interest receivable and similar income

	2020 £	2019 £
Bank interest receivable	82,720	48,315
Charity deposit	-	1,664
Dividend from investments	<u>1,821</u>	<u>684</u>
	<u>84,541</u>	<u>50,663</u>

8 Investment property

	£
Valuation	
At 1 April 2019	2,943,070
Fair value adjustment	<u>(30,070)</u>
At 31 March 2020	<u>2,913,000</u>

LONDON CYRENIANS HOUSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2020

9	Tangible assets - housing properties	Properties	Land	Total
		£	£	£
	Cost			
	At 1 April 2019	8,176,548	4,088,274	12,264,822
	Addition in the year	1,716,667	858,333	2,575,000
	At 31 March 2020	9,893,215	4,946,607	14,839,822
	Depreciation			
	At 1 April 2019	4,055,640	-	4,055,640
	Charge for the year	543,413	-	543,413
	At 31 March 2020	4,599,053	-	4,599,053
	Net book value			
	At 31 March 2020	5,294,162	4,946,607	10,240,769
	At 31 March 2019	4,120,908	4,088,274	8,209,182
10	Debtors	2020		2019
		£	£	£
	Gross arrears of charges to customers & other statutory bodies	138,054	172,,821	
	Less: provision for bad debts	(101,871)	(140,140)	
		36,183		32,681
	Revenue grants receivable	165,162	270,790	
	Less: provision for fees bad debts	(31,820)	(40,865)	
		133,342		229,925
	Other debtors	203,422		97,584
		372,947		360,190
11	Cash and cash equivalents	2020		2019
		£	£	£
	Cash at bank and in hand	6,595,124	8,894,293	
		6,595,124	8,894,293	

LONDON CYRENIANS HOUSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2020

12 Creditors	2020	2019
	£	£
Amounts falling due within one year:		
Trade creditors	81,333	50,642
Customers' charges in advance	413,532	225,442
Other creditors	125,309	276,894
Other taxation and social security	128,064	143,245
Accruals and deferred income	<u>2,200,708</u>	<u>2,748,639</u>
	<u>2,948,946</u>	<u>3,444,862</u>

13 Provisions	Dilapidations provision	Other provisions	Total
	£	£	£
At 1 April 2019	343,607	6,580,771	6,924,378
Additions	-	702,805	702,805
Released	-	(1,016,544)	(1,016,544)
	<u>343,607</u>	<u>6,267,032</u>	<u>6,610,639</u>

14 Unrestricted reserves

Designated reserves

	2019	Transfers between reserves	2020
	£	£	£
Hidden home Initiative	975,000	-	975,000
Innovations and service improvements	125,195	25,000	150,195
Partnerships and alliances	70,000	-	70,000
Furniture and equipment replacements	<u>250,000</u>	<u>(25,000)</u>	<u>225,000</u>
	<u>1,420,195</u>	<u>-</u>	<u>1,420,195</u>

15 Housing units at end of year – supported housing

	2020	2019
	Units	Units
Owned	97	90
Managed	<u>92</u>	<u>196</u>
	<u>189</u>	<u>286</u>

LONDON CYRENIANS HOUSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2020

16 Operating leases

The Company holds properties and office equipment under non-cancellable operating leases. At 31 March 2020 the Company had the following future minimum lease payments under non-cancellable leases:

	2020 £	2019 £
For leases expiring:		
Within one year	144,720	144,720
In two to five years	314,074	363,221
Later than five years	-	95,573
	<hr/> 458,794	<hr/> 603,514

17 Subsidiary undertaking

Name	Country of Incorporation	Class of shares	Holding	Activity
Capital Housing Limited	United Kingdom	Ordinary	100%	Dormant

The registered office of the above subsidiary was Carlyle House, 235-237 Vauxhall Bridge Road, London, SW1V 1EJ. The subsidiary was incorporated on 15 August 2019 and has remained dormant since incorporation.

18 Financial instruments

	2020 £	2019 £
<i>Equity instruments measured at fair value through the income and expenditure account</i>		
Current asset unlisted investments		
Cash	37	37
Ruffer Total Return Fund	90,188	88,357
Schroder Core UK Equity	56,719	93,317
Liontrust Income /Neptune Income	<hr/> 75,785	<hr/> 72,288
	<hr/> 222,729	<hr/> 253,999
<i>Fair value gains and losses</i>		
(Loss)/gain on financial assets (including unlisted investments) measured at fair value through profit or loss	(31,270)	6,799
Current asset unlisted investments	<hr/> (31,270)	<hr/> 6,779

19 Ultimate controlling party

There is no ultimate controlling party.