

COMMUTUAL (FORMERLY TOXTETH FIREFIT HUB)
Year ended 31 March 2017

ComMutual (Formerly Toxteth Firefit Hub)

Report and Financial Statements

Year ended 31 March 2017

Charity Number: 1152903

Company Registration Number: 08444912

CONTENTS

| | |
|---|-----------|
| COMMUTUAL TRUSTEES, ADVISORS AND BANKERS | 3 |
| TRUSTEES' REPORT | 4 |
| STRATEGIC REPORT | 6 |
| TRUSTEES' RESPONSIBILITIES STATEMENT | 13 |
| INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COMMUTUAL LIMITED | 14 |
| STATEMENT OF FINANCIAL ACTIVITIES | 16 |
| BALANCE SHEET | 17 |
| NOTES TO THE FINANCIAL STATEMENTS | 18 |

COMMUTUAL TRUSTEES, ADVISORS AND BANKERS

Charity registration number 1152903

Company registration number 08444912

| Trustee | Category | Changes in the year |
|----------------|-----------------------------|---|
| P Morton | Chair, Director and Trustee | |
| A Forshaw | Director and Trustee | Appointed 10 January 2017 |
| P Brennan | Director and Trustee | Appointed 10 January 2017 |
| S Donaldson | Director and Trustee | Appointed 10 January 2017 |
| PJC Garrigan | Director and Trustee | |
| C D Martin | Director and Trustee | |
| E Stewart | Director and Trustee | Appointed 10 January 2017 |
| B A Fitzgerald | Trustee | Resigned 10 January 2017 |
| D Kelly | Trustee | Resigned 10 January 2017 |
| A Qassim | Trustee | Appointed 10 January 2017 Resigned 14 April 2017 |
| S Brougham | Trustee | Resigned 14 April 2016 |
| J Stapleton | Trustee | Resigned 10 January 2017 |

Registered office
LMH @ The Observatory
1 Old Haymarket
Liverpool
L1 6RA

Auditors
Grant Thornton UK LLP
Chartered Accountants and Registered Auditors
4 Hardman Square
Spinningfields
Manchester M3 3EB

Solicitors
Brabners
Horton House
Exchange Flags
Liverpool, L2 3YL

Bankers
Barclays Bank PLC
Liverpool Lord Street Branch
48b & 50 Lord Street , Liverpool L2 1TD

HSBC Bank PLP
99-101 Lord Street
Liverpool
L2 6PQ

TRUSTEES' REPORT

The trustees are pleased to present their annual trustees' report together with the financial statements of the charity for the year ending 31 March 2017 which are also prepared to meet the requirements for a directors' report, accounts for Companies Act purposes and in accordance with the provisions applicable to companies entitled to the small companies exemption.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice: Accounting and Reporting by Charities, Charities SORP (FRS102) and the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102).

THE COMMUTUAL JOURNEY

Toxteth Firefit Hub (TFFH) was built as a unique collaboration between the Department for Education, Merseyside Fire and Rescue Authority, Liverpool City Council and young people from the local community of Toxteth and wider Liverpool.

It is a £5.2m development that provides a world class venue for young people. Facilities include a 'chillout zone', two storey gym, sports hall and four 3G 5 a-side pitches.

The Toxteth Firefit Hub charity was established in March 2013.

In January 2016, TFFH Trustees reached an outline agreement with Liverpool Mutual Homes to merge LMH's charitable and community activity into the existing TFFH charity to support its operations.

In February 2016 approval in principle was obtained from the LMH Board to begin the process of integrating the LMH Community Regeneration Team and its activities into TFFH.

An extensive programme of financial and legal due diligence followed which was presented to LMH Group Board on 2 February 2016, 10 March 2016, 28 July 2016 and 2 November 2016.

An application was made to the Charity Commission to expand the Charitable Objects which were approved on 2 February 2017.

On 10th January 2017, TFFH became part of the LMH Group of companies. On 31 January 2017 an application was made to Companies House and TFFH was renamed ComMutual. The registered address of the Charity was also updated.

The Objects of the Charity, which are for the public benefit, are specifically restricted to the following:

- To further or benefit the residents of Merseyside and its surrounding areas, without distinction of sex, sexual orientation, gender reassignment, pregnancy or maternity, race, disability, marriage or civil partnership status or of political, religious or other beliefs by associating together the said residents and the local authorities,

voluntary and other organisations in a common effort to advance education and to provide facilities in the interests of social welfare for recreation leisure time occupation with the objective of improving the conditions of life for the residents;

- The promotion of public health, including (but without prejudice to the generality of the foregoing) through the provision of facilities for healthy exercise and sport for the benefit of the public;
- To act as a resource for the residents of Merseyside and its surrounding areas by providing or facilitating the provision of advice and assistance and organising programmes of physical, educational and other activities as a means of:
 - (a) advancing in life and helping young people by developing their skills, capacities and capabilities to enable them to participate in society as independent, mature and responsible individuals;
 - (b) advancing education;
 - (c) relieving unemployment;
- To relieve elderly people resident in Merseyside and its surrounding areas who are in need, by providing services or facilities calculated to relieve the needs of such persons;
- To build the capacity of charities and other organisations carrying out charitable activities and provide them with the necessary support, information and services to enable them to pursue or contribute to any charitable purpose; and
- Such other charitable purposes according to the law of England and Wales that the Trustees in their absolute discretion shall determine from time to time."

STRATEGIC REPORT

PRINCIPAL ACTIVITIES

ComMutual's principal activity is to support LMH tenants and communities within the Liverpool region. Addressing deprivation and promoting inclusion. ComMutual has four key impact areas:

- Money Matters;
- Go Digital;
- Health and Wellbeing; and
- Employment.

A range of activities are delivered through the ComMutual's Community Investment and Toxteth Fire Fit Hub (TFFH) teams and through work in partnership with other agencies.

STRUCTURE, GOVERNANCE AND MANAGEMENT

ComMutual delivers the non-housing, social activity and outcomes that enable Liverpool Mutual Homes' (LMH) to remain anchored to its values as it becomes a more complicated and diverse Group. In addition, ComMutual is responsible for delivery of the five 'My Place' outcomes that TFFH is committed to delivering as part of the DfE Funding agreement until October 2031.

ComMutual in undertaking these activities will seek to achieve the following outcomes:

- Reduce the number of residents claiming out of work welfare benefits and increase the numbers in work;
- Reduce indebtedness among residents and increase financial inclusion;
- Increase the number of residents accessing services digitally;
- Improve health outcomes for families within our communities, linked to the City's Healthy Liverpool Strategy;
- Increase educational attainment and skill levels for children and adults living in our homes and communities;
- More young people engaging with ComMutual to achieve positive outcomes; and
- An improved quality of life and well-being for older and vulnerable people within our communities

GOVERNANCE

The Charity is a company limited by guarantee, incorporated on the 14th March 2013 and registered as a charity on the 11th July 2013.

The company's governance is set out in its Memorandum and Articles of Association of 13th March 2013. The management of the company's affairs is vested in the Board of Trustees about whom the Memorandum and Articles of Association state that there will be a minimum of 3.

The ComMutual Board was formed from 3 former Toxteth Firefit Hub Trustees (P Morton, C Martin and P Garrigan) and 5 new trustees, one of whom (A Qassim) retired during the reporting period.

During the negotiations prior to the transaction incorporating the charity into the LMH Group, a Shadow ComMutual Board was established in order to oversee the transition and integration. On the 10 January 2017 the Shadow Board became the ComMutual Board.

TRUSTEE INDUCTION AND TRAINING

The trustees have continued to support the development of the organisation. The trustees are drawn from a range of community representatives, including those associated with key stakeholders and key investors such as Merseyside Fire and Rescue Authority, Liverpool City Council and Liverpool Mutual Homes.

During December 2016, trustees undertook training on 'The Role of a Director and Trustee of ComMutual – Legal Considerations'. Further training will be scheduled for trustees in the forthcoming year.

All trustees have been involved in formulating the plans and action required to ensure the ongoing development of the short and medium term strategy for the organisation.

As and when new trustees are recruited and appointed, a full induction programme will be delivered to ensure that they are fully conversant with the aims, objectives and operation of ComMutual.

PUBLIC BENEFIT

The trustees have had due regard to the guidance published by the Charity Commission on public benefit and in particular the supplementary guidance on public benefit and fee charging, ensuring ComMutual's work delivers its aims and charitable objectives.

In addition to regular trustees meetings, an annual review of the Mission and activity is undertaken. A full review of outcomes for the previous 12 months looks at the success of each key activity and the benefits that they have brought to those groups of people ComMutual is set up to help. The review helps to ensure the aim, objectives and activities remain focused on the charity's stated purposes. The guidance contained in the Charity Commission's general guidance on public benefit has been considered when reviewing the aims and objectives and in planning for future activities. In particular, the trustees consider how planned activities will contribute to the Mission and charitable objectives they have set.

ACTIVITIES

ComMutual offers a range of activities. The projects and outcomes below were initiated by LMH but transferred to ComMutual in January 2017. Some of the key projects which made a positive impact during 2016/17 include:

COMMUNITY INVESTMENT TEAM

EMPLOYMENT PROJECTS

- Liverpool Mutual in Work – this is a unique partnership between ComMutual and Liverpool City Council offering LMH's customers dedicated training and employment

COMMUTUAL (FORMERLY TOXTETH FIREFIT HUB)
Year ended 31 March 2017

Information, Advice and Guidance (IAG) services including work clubs, job searching, funding for training, interview skills, apprenticeships and other opportunities geared to getting people into or ready to get into work. During 2016/17, 148 received advice and guidance and 95 found employment, of whom 24 are classified as being in sustained employment as they have worked for more than 6 months.

- Access to Work – this is an Intermediate Labour Market Programme which creates practical paid work experience placements for young people aged between 16 and 29. Funded through the European Social Fund and a contribution from ComMutual, each placement can last up to 6 months with the goal being to secure employment. During 2016/17, 31 placements were offered.

FINANCIAL INCLUSION PROJECTS

- Opportunity Loan Fund – in partnership with the Liverpool Central Credit Union ComMutual is providing low cost loan facilities of up to £1,000 to assist tenants in avoiding high cost loan facilities and/or loan sharks. Liverpool Central Credit Union operates within Liverpool Mutual Homes neighbourhoods and has offices on Park Road, Walton Road and Kensington. An additional outcome is the expectation that this service will encourage people to open bank accounts to enable them to manage their finances more efficiently.
- Help to Pay – provided support for LMH customers to help them reduce the cost of their water bills by ensuring that they were accessing the most appropriate tariffs.
- A Charitable Grants Worker – was initially established in partnership with the CAB whose role it is to apply to a wide range of charitable organisations who specialise in offering financial support to people who are threatened with hardship e.g. grants for white goods, school uniforms etc. In 2016/17 115 people were provided with charitable grant support to the value of £16,885
- School holiday camps – The school holiday camps in 2016/17 were fully subscribed by young people across LMH neighbourhoods. Camps for 2017/18 are planned and include a third camp in Everton.

DIGITAL INCLUSION

Access to the internet for ComMutual customers is vital to ensure they have the best opportunities to access welfare benefits, employment and training, lower cost goods and services and to help their children's education. The cost to install internet access is prohibitive for many of LMH's tenants so ComMutual has adopted a number of projects to assist tenants and their families to access services on line:

- AIMES - a pilot project in partnership with BT and a local internet provider through which LMH installed free broadband into 50 homes on the Westminster estate in Kirkdale. ComMutual is now looking to extend this project using the lessons learnt from the first 3 years. The initial phase of the project was completed by LMH with the ongoing project to be completed by ComMutual.
- Job Clubs – ComMutual established a number of job clubs for tenants to carry out universal job searching, which is becoming part of their 'Claimant Commitment'.

COMMUTUAL (FORMERLY TOXTETH FIREFIT HUB)
Year ended 31 March 2017

This helped to prevent tenants from being sanctioned and potentially losing their benefits.

- I.T. training hubs – ComMutual carried out I.T. training at the following locations, across the city:
 - LMH Head Office, The Observatory
 - LMH North Office, Clubmoor
 - The Green Residents Association Office, Old Swan
 - Dalemeadow Residents Association Office, Knotty Ash
 - Citron Close Residents Association Office, Warbreck
 - WETRA Residents Association Office, Kirkdale
 - L6 Community Centre, Everton
 - Bridge Chapel Community Centre, Allerton
 - Parkhill Court sheltered housing scheme, Dingle
 - Macbeth Street Tenants Association

ComMutual is looking to establish further hubs across neighbourhoods and within sheltered schemes as the improvements are completed.

HEALTH AND WELLBEING

ComMutual's priority to tackle major health issues in partnership with the NHS and the Liverpool Clinical Commissioning Group was extended to include a Health Improvement Worker from Liverpool City Council who engaged with LMH customers. In 2016/17, 301 Health and Wellbeing sessions were offered across the city which engaged customers of all ages from primary age children through to older people.

ComMutual continues to offer Children's Health Bursaries to support children getting more active and is delivering, in partnership with Liverpool City Council's Lifestyles services, children's swimming lessons. Coupled to these ComMutual offers 3 month adult swimming passes to enable families to swim together.

TOXTETH FIREFIT HUB

The TFFH team deliver a huge range of activities for young people and the wider community, they include:

- Sports - the Hub has up to 15 different sporting activities per night from lacrosse to yoga, from football to table tennis. It also holds major events and competitions.
- Arts and music - a range of activities and skills development opportunities are provided for young people including nail art, pop art and movie nights.
- Special Events - the Hub holds a range of major events to support key partners. These include music festivals, boxing events and special events around Halloween and Mischief Night to positive engage young people and community members.

TFFH TRADING ACTIVITY

TFFH continues to offer low cost membership for young people and the wider community. Currently a junior membership is £5 per year and a senior membership is £10 per year.

In order to assist the sustainability of the Hub, facilities are hired out to local groups and sporting teams.

During the reporting period two organisations rented accommodation and delivered some of their business activity from TFFH. Tenants who were able to add value to TFFH were selected carefully and include an alternative education provider and an organisation which provides support to young people who are addressing their substance misuse.

TFFH ACHIEVEMENTS AND PERFORMANCE

During the reporting period TFFH attracted approximately 3,000 young people per month to the centre.

- Over 35,000 young people visited TFFH in the last year, an increase on 2015/16.
- Over 2,000 people attended events which were held on Mischief Night and Halloween
- By the end of March 2017 TFFH had over 282,000 visitors.
- Over 1,400 qualifications and structured programmes have been delivered from TFFH.

PLANS FOR FUTURE PERIODS

2017/18 will begin with the integration of the work of the Community Investment Team and the TFFH Team, synchronising working practices and developing a greater understanding of shared objectives. This will require a realignment of resources which will ensure that ComMutual has a solid foundation to work from.

In identifying shared objectives, ComMutual will seek to build on and expand the activities undertaken which will be supported by a new Business Development and Fundraising Strategy.

Relationships with key stakeholders will be reviewed to identify how ComMutual can maximise opportunities to expand partnerships and draw in new and additional funds.

VOLUNTEERING AND IN KIND CONTRIBUTIONS

During the reporting period, TFFH hosted two long standing volunteers who have provided consistent support to TFFH and its members. Their positive contribution and commitment is a great asset.

Over £106,000 of in kind support was generated during 2016/17 which demonstrates the excellent partnership arrangements that ComMutual has in place. In kind support included digital training sessions, room hire and added value items which were sought through services which were procured.

FINANCIAL REVIEW

GOING CONCERN

After reviewing the charity's forecast and projections, following it joining the LMH Group. The trustees have a reasonable expectation that Commutual has adequate resources to continue in operational existence for the foreseeable future. The charity therefore continues to adopt the going concern basis in preparing its financial statements

PRINCIPAL RISKS AND UNCERTAINTIES

Risks that may prevent ComMutual from meeting its objectives are reported to Group Audit and Risk Committee on a quarterly basis. Risks are recorded and assessed in terms of their impact and probability.

A summary of the current risk areas for ComMutual are provided below:

| Key Risk | Status | Planned Development in Internal Controls |
|--|--|--|
| Failure to increase revenue, as well as careful financial management | <ul style="list-style-type: none"> Work continues to bring FFH financial systems over to LMH, this is scheduled to be complete by the end of June 2017. From July all ComMutual financial systems will operate on one programme. Bids continue to be submitted to try to diversify income streams and a growing commercial awareness at FFH will help. | <ul style="list-style-type: none"> ComMutual has entered into an Intra Group Agreement (IGA) and Service Level Agreement (SLA) with the LMH Group. Both the IGA and SLA provide a structured approach to governance and the provision of corporate services. Operationally, integrating ComMutual's finance systems and reporting mechanisms to those used by the LMH Group will provide a robust platform to work from. ComMutual will continually seek to generate income by diversifying income streams and submitting successful bids and tenders which support the charitable objects. |
| Failure to meet Big Lottery conditions | <ul style="list-style-type: none"> Data captured to support My Place Outcomes KPI's in place for completion each month monitored at SMT, EMT and ComMutual Board Effective Business Planning with due consideration for My Place Outcomes | <ul style="list-style-type: none"> The Big Lottery My Place grant conditions are in place until 2031. The conditions will continue to feature as a Business Plan priority and will be reported to ComMutual Board, LMH Group Audit and Risk Committee and LMH Group Board. |

Two further risk areas have been highlighted which include safeguarding and lack of skills.

EXTERNAL AUDITORS

LMH Group appoints the external auditors for all Group companies.

ANNUAL GENERAL MEETING

ComMutual's Annual General meeting will take place on 18 September 2017.

APPROVAL

In approving the trustees report, the trustees are also approving the strategic report in their capacity as directors of the company. The Trustees' report was approved by the Board on 25 July 2017 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Peter Morton', written over a horizontal line.

Peter Morton
Trustee
Date: 25 July 2017

TRUSTEES' RESPONSIBILITIES STATEMENT

The trustees are responsible for preparing the Trustees' report and the financial statements in accordance with applicable law and regulations.

The Charities Act 2011 required the trustees to prepare financial statements for each financial year. The trustees have to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. The trustees 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 charity and of the incoming resources and application of resources, including the income and expenditure, of the charity for that period.

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS 102);
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the board of trustees



Peter Morton
Trustee
Date: 25 July 2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COMMUTUAL

We have audited the financial statements of Commutual for the year ended 31 March 2017 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is 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.

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 its members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITOR

As explained more fully in the Trustees' Responsibilities Statement set out on page 12, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

OPINION ON FINANCIAL STATEMENTS

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 2017 and of its incoming resources and application of resources including, its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 Trustees' Report (incorporating the strategic report) for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report (incorporating the strategic report) has been prepared in accordance with applicable legal requirements.

MATTER ON WHICH WE ARE REQUIRED TO REPORT UNDER THE COMPANIES ACT 2006

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 any material misstatements in the Trustees' Report (incorporating the strategic report).

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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 trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Grant Thornton UK LLP

Joanne Love
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Manchester
Date: 8 August 2017

STATEMENT OF FINANCIAL ACTIVITIES

(including income and expenditure account)

For the year ended 31 March 2017

| | Note | Unrestricted Funds £'000 | 2017 Restricted Funds £'000 | Total funds £'000 | Restated 2016 Total funds £'000 |
|--|------|--------------------------------|--------------------------------------|-------------------------|---|
| Income: | | | | | |
| Donations | 3 | 2,258 | 8 | 2,266 | 192 |
| Income from charitable activities | 4 | 191 | 137 | 328 | 323 |
| Commercial trading activities | 5 | 44 | - | 44 | 47 |
| Investment Income | 6 | - | - | - | - |
| Other Income | 7 | 3 | - | 3 | 6 |
| Total Income | | 2,496 | 145 | 2,641 | 568 |
| Expenditure on: | | | | | |
| Costs of raising donations and legacies | 8 | (3) | - | (3) | (5) |
| Charitable activities | 9/10 | (722) | (131) | (853) | (568) |
| Total Expenditure | | (725) | (131) | (856) | (573) |
| Net income and net movement in funds for the year | | 1,771 | 14 | 1,785 | (5) |
| Total funds at beginning of year | | 118 | 8 | 126 | 131 |
| Total funds at end of year | | 1,889 | 22 | 1,911 | 126 |

The incoming resources and resulting net movement in funds arise from continuing activities.

The accompanying notes form part of these financial statements.

BALANCE SHEET

As at 31 March 2017

| | Note | 2017 £'000 | Restated 2016 £'000 |
|---|------|---------------|---------------------------|
| Fixed Assets | | | |
| Tangible assets | 15 | 3 | 6 |
| Current Assets | | | |
| Debtors | 16 | 2,258 | 66 |
| Cash at bank and in hand | | 175 | 89 |
| Total current assets | | <u>2,433</u> | <u>155</u> |
| Creditors: amounts falling due within one year | 17 | (525) | (35) |
| Net current assets | | <u>1,908</u> | <u>120</u> |
| Total assets less current liabilities | | <u>1,911</u> | <u>126</u> |
| Net Assets | | <u>1,911</u> | <u>126</u> |
| The funds of the charity: | | | |
| Restricted funds | 18 | 22 | 8 |
| Unrestricted funds | 18 | 1,889 | 118 |
| Total Charity Funds | | <u>1,911</u> | <u>126</u> |

The financial statements were approved by the Board on 25 July 2017 and signed on its behalf by:



Peter Morton
Trustee

Company Registration Number: 08444912

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Legal status

ComMutual is limited by guarantee and has no share capital. Every member of the Association undertakes to contribute to the assets of the Society in the event of it being wound up whilst he or she is a member or within one period of ceasing to be a member for the debts and liabilities of the Society contracted before he or she ceases to be a member, such as may be required not exceeding £1.

Registered Office LMH @ The Observatory
 1 Old Haymarket
 Liverpool
 L1 6RA

2. Accounting policies

Basis of accounting

The Financial Statements have been prepared under the historical cost convention. The financial statements have been prepared in accordance with:

- Statement of Recommended Practice: Accounting and Reporting by Charities (Charities SORP (FRS102));
- Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102);
- Charities Act 2011 and the Companies Act 2006.

The charitable foundation constitutes a public benefit entity as defined by FRS102. This is the first year reporting under FRS102. The policies applied under the entity's previous accounting framework are not materially different to FRS102 and have not impacted on the balance sheet or the statement of financial activities.

Incoming resources

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably.

Income from government and other grants, whether capital grants or revenue grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor to the Trust that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate,

and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Volunteers and donated services

Donated professional services and donated facilities are recognised as income when the charity has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS102), the general volunteer time is not recognised and refer to the trustees' annual report for more information about their contribution.

On receipt, donation professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

Funds

Unrestricted funds are donations and other incoming resources receivable or generated for the furtherance of the charity's objects without further specified purpose and are available as general funds.

Restricted funds are to be used for specific purposes are laid down by the donor. Expenditure which meets these criteria is charged to the fund, together with a fair allocation of management and support costs.

Resources expended

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is reported as part of the expenditure to which it relates:

Costs of raising funds comprise the costs associated with attracting donations, grants and legacies and the costs of trading for fundraising purposes.

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Other expenditure includes all expenditure that is neither related to raising funds for the charity nor part of its expenditure on charitable activities.

All costs are allocated between the expenditure categories of the SoFA on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly, others are apportioned on an appropriate basis, as set out in the notes to the accounts.

Debtors

Short term debtors are measured at transaction price, less any impairment and are measured subsequently at amortised cost using the effective interest method.

Creditors

Short term creditors are measured at transaction price. Other financial liabilities are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Financial Instruments

The charity only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities, like accounts receivable and payable.

Fixed Assets

All fixed assets are initially recorded at cost.

Depreciation is provided to write off the cost of each asset over its useful economic life at the following rates

| | |
|-----------------------|---------------------|
| Fixtures and fittings | - 15% straight line |
| Office equipment | - 25% straight line |
| Sports equipment | - 15% straight line |

Contingent liabilities

A contingent liability is identified and disclosed for those grants resulting from:

- A possible obligation which will only be confirmed by the occurrence of one or more uncertain future events not wholly within the trustees control or;
- A present obligation following a grant offer where settlement is either not considered probable.

Significant judgements and key areas of estimation uncertainty

Trustees consider there to be no items in the financial statements where they have had to make significant judgements in the process of applying the charity's accounting policies or key sources of estimation uncertainty.

NOTES TO THE FINANCIAL STATEMENTS

3. Incoming resources from donations and legacies

| | Unrestricted Funds £'000 | 2017 Restricted Funds £'000 | Total funds £'000 | 2016 Total funds £'000 |
|--------------------------|--------------------------------|--------------------------------------|-------------------------|---------------------------------|
| Donations | | | | |
| Donations | 4 | 7 | 11 | 4 |
| Liverpool Mutual Homes | 2,238 | - | 2,238 | - |
| Grants receivable | | | | |
| Telent | 16 | - | 16 | - |
| Liverpool City Council | - | - | - | 65 |
| Merseyside Fire & Rescue | - | - | - | 65 |
| Live Well | - | - | - | 42 |
| Sponsorship | | | | |
| Sponsorship | - | 1 | 1 | 16 |
| | 2,258 | 8 | 2,266 | 192 |

4. Income from Charitable Activities

| | Unrestricted Funds £'000 | 2017 Restricted Funds £'000 | Total funds £'000 | 2016 Total funds £'000 |
|----------------------------------|--------------------------------|--------------------------------------|-------------------------|---------------------------------|
| Memberships, activities and hire | 191 | - | 191 | 208 |
| Active 8 | - | 90 | 90 | 77 |
| Street Games | - | 1 | 1 | 5 |
| Henry Smith | - | 15 | 15 | 16 |
| Sister Hub | - | 7 | 7 | 7 |
| Sportivate | - | 3 | 3 | - |
| Satellite Club | - | 12 | 12 | - |
| Music Hub | - | 1 | 1 | - |
| Lottery funded – Love your hub | - | 8 | 8 | - |
| Awards for all | - | - | - | 10 |
| | 191 | 137 | 328 | 323 |

NOTES TO THE FINANCIAL STATEMENTS

5. Other Trading Activities

| | 2017 Unrestricted Funds £'000 | 2017 Total Funds £'000 | 2016 Unrestricted funds £'000 | 2016 Total funds £'000 |
|--------------------|--|---------------------------------|--|---------------------------------|
| Vending income | 1 | 1 | 2 | 2 |
| Fundraising events | - | - | 6 | 6 |
| Rent received | 43 | 43 | 39 | 39 |
| | 44 | 44 | 47 | 47 |

6. Investment Income

| | 2017 Unrestricted Funds £'000 | 2017 Total Funds £'000 | 2016 Unrestricted funds £'000 | 2016 Total funds £'000 |
|--------------------------|--|---------------------------------|--|---------------------------------|
| Bank interest receivable | - | - | - | - |
| | - | - | - | - |

7. Other Income

| | 2017 Unrestricted Funds £'000 | 2017 Total Funds £'000 | 2016 Unrestricted funds £'000 | 2016 Total funds £'000 |
|--------------------------|--|---------------------------------|--|---------------------------------|
| Other incoming resources | 3 | 3 | 6 | 6 |
| | 3 | 3 | 6 | 6 |

8. Costs of raising Donations and Legacies

| | 2017 Unrestricted Funds £'000 | 2017 Total Funds £'000 | 2016 Unrestricted funds £'000 | 2016 Total funds £'000 |
|--------------------------|--|---------------------------------|--|---------------------------------|
| Fundraising events costs | 2 | 2 | 3 | 3 |
| Other | 1 | 1 | 2 | 2 |
| | 3 | 3 | 5 | 5 |

NOTES TO THE FINANCIAL STATEMENTS

9. Costs of Charitable activities by fund type

| | Unrestricted Funds £'000 | 2017 Restricted Funds £'000 | Total funds £'000 | Restated 2016 Total funds £'000 |
|-------------------------------|--------------------------------|--------------------------------------|-------------------------|---|
| Staff costs | 291 | 40 | 331 | 417 |
| Events and activities project | 213 | 91 | 304 | 83 |
| Establishment expenses | 3 | - | 3 | 2 |
| Depreciation | 2 | - | 2 | 2 |
| Support costs | 213 | - | 213 | 64 |
| | 722 | 131 | 853 | 568 |

10. Costs of charitable activities by activity type

| | Activities undertaken directly £'000 | 2017 Support costs £'000 | Total funds £'000 | Restated 2016 Total funds £'000 |
|-------------------------------|---|-----------------------------------|-------------------------|---|
| Staff costs | 331 | 199 | 530 | 464 |
| Events and activities project | 304 | - | 304 | 83 |
| Establishment expenses | 3 | - | 3 | 2 |
| Depreciation | 2 | - | 2 | 2 |
| Governance costs | - | 14 | 14 | 17 |
| | 640 | 213 | 853 | 568 |

11. Governance costs

| | 2017 £'000 | 2016 £'000 |
|------------------------------|---------------|---------------|
| Independent examination fees | - | 2 |
| Other professional | 14 | 15 |
| | 14 | 17 |

NOTES TO THE FINANCIAL STATEMENTS

12. Net Income/(Outgoing) resources for the year

| | 2017 £'000 | 2016 £'000 |
|--------------------------------|---------------|---------------|
| This is stated after charging: | | |
| Depreciation | 2 | 2 |
| Independent examiner fees | - | 2 |
| - independent examination | - | 2 |
| - other services | - | 2 |

Auditor's remuneration for the company are included within the fees to Liverpool Mutual Homes Ltd and charged to ComMutual via the service level agreement.

13. Staff Costs and Emoluments

| Total staff costs were as follows: | 2017 £'000 | 2016 £'000 |
|------------------------------------|---------------|---------------|
| Wages and salaries | 516 | 392 |
| Social security costs | 14 | 25 |
| | 530 | 417 |

Particulars of employees:

The average number of employees during the year, calculated on the basis of full-time equivalents, was as follows:

| | 2017 No. | 2016 No. |
|------------------------------|-------------|-------------|
| Number of management staff | 2 | 4 |
| Number of regeneration staff | 7 | - |
| Youth team and support staff | 21 | 20 |
| | 30 | 24 |

No employee received remuneration of more than £60,000 during the year (2016: Nil).
None of the trustees received any remuneration during the period (2016: Nil).
Reimbursed expenses amounted to £Nil (2016: £Nil).

The key management personnel of the charity comprises of the trustees, none of the trustees are employed by the charity.

14. Taxation

The company is exempt from corporation tax on its charitable activities

NOTES TO THE FINANCIAL STATEMENTS

15. Tangible fixed assets

| | Plant and machinery 2017 £'000 |
|-------------------------|--------------------------------------|
| Cost | |
| At 1 April 2016 | 9 |
| Additions in the year | - |
| Disposals in the year | (1) |
| At 31 March 2017 | 8 |
| Depreciation | |
| At 1 April 2016 | 3 |
| Charge for the year | 2 |
| At 31 March 2017 | 5 |
| Net Book Value | |
| At 31 March 2017 | 3 |
| At 31 March 2016 | 6 |

16. Debtors

| | 2017 £'000 | Restated 2016 £'000 |
|---------------------|---------------|---------------------------|
| Trade debtors | 15 | 56 |
| Prepayments | 5 | 10 |
| Intercompany debtor | 2,238 | - |
| | 2,258 | 66 |

17. Creditors: amounts falling due within one year

| | 2017 £'000 | 2016 £'000 |
|--------------------------|---------------|---------------|
| Trade creditors | 2 | 15 |
| PAYE and social security | - | 7 |
| VAT creditor | 66 | - |
| Intercompany creditor | 334 | - |
| Other creditor | 123 | 13 |
| | 525 | 35 |

NOTES TO THE FINANCIAL STATEMENTS

18. Funds

Restricted funds

| | Restricted Funds £'000 |
|---------------------------------|------------------------------|
| Balance at 1 April 2015 | - |
| Income | 8 |
| Balance at 31 March 2016 | 8 |
| Income | 14 |
| Balance at 31 March 2017 | 22 |

The restricted funds relate to specific projects and events run by the charity in accordance with the conditions of the funding arrangements with the funding provider.

Restricted funds carried forward at the year end are made up as follows:

| | | |
|------------------|---------------------------|---|
| Henry Smith | £14,469 (2016: £7,833) | Provision of grants to support projects and services that help maximise the potential of young people who experience educational, social and economic disadvantage; including young people in, or leaving care. |
| Children in Need | £5,269 (2016: £Nil) | The charity was successful in their bid for a Children in Need grant in 2016, the grant runs for 1 year (with a view to more) and is based around engagement of young people in physical activities, activator course, young leader courses and the celebration of their achievements throughout the project. |
| Satellite Clubs | £1,156 (2016: £Nil) | Initially TFFH applied for 7 Satellite Clubs to run for 20 weeks. The idea is to link up with sports clubs around the Liverpool area who provide a coach to deliver sessions at TFFH, all the while establishing an exit route for the participants to feed straight in to the sports club. Satellite Clubs has been a success from the start, which has resulted in the continuation and sustaining of the project, which is currently on going. We have won a number of National Participant of the year awards and received bursaries to up-skill volunteers and participants. Also building up a great working relationship with Merseyside Sports Partnership (MSP). |

NOTES TO THE FINANCIAL STATEMENTS

18. Funds (continued)

| | | |
|--------------------|----------------------|--|
| Big Music Projects | £891 (2016: £Nil) | A project for 14-25 year olds who plan and development their own music and dance. This was then showcased at Manchester Met Student union. |
| MSP Sustain | £800 (2016: £Nil) | Sustain is added funding for the continuation of the Satellite Clubs project, the sessions and clubs that had already been successful in the 2 years prior were sustained for a further 20 weeks. TFFH exceeded all participant targets for the sustained funding. |

Unrestricted funds

| | Unrestricted Funds £'000 |
|--|--------------------------------|
| Balance at 1 April 2015 | 131 |
| Deficit for the year | (13) |
| Restated balance at 31 March 2016 | 118 |
| Surplus for the year | 1,771 |
| Balance at 31 March 2017 | 1,889 |

19. Financial assets and liabilities

Financial assets

Other than short-term debtors, financial assets held are cash at bank. They are sterling denominated:

| | 2017 £'000 | 2016 £'000 |
|--------------|---------------|---------------|
| Cash at bank | 175 | 89 |
| | <u>175</u> | <u>89</u> |

Financial liabilities

ComMutual does not have any financial liabilities excluding trade creditors.

NOTES TO THE FINANCIAL STATEMENTS

20. Related party transactions

A Forshaw, a trustee of the charity, is a representative of LMH. ComMutual has entered into a Service Level Agreement with LMH for the provision of support services such as IT, Human Resources, Finance and Asset Management. The value of services procured during the period was £21k. In addition, LMH hired various facilities at Toxteth Fire Fit Hub. This amounted to £6,736 (2016: £42,990). LMH has agreed to make a one-off donation to ComMutual of £2.2m.

C Martin, a trustee of the charity, is a representative of Liverpool City Council. During the year Liverpool City Council provided funding to the charity of £60,000 (2016: £50,000) to assist with the day to day running cost. It later transpired that these funds were not required and an amount of £59,843 will be returned to the City Council. These monies were not recognised as Income during the year and form part of the Creditor balance at year end. In Addition Liverpool City Council hired various facilities at Toxteth Fire Fit Hub. This amounted to £435 (2016: £260).

P Garrigan, a trustee of the charity, is a representative of Merseyside Fire and Rescue. During the year Merseyside Fire and Rescue provided funding to the charity of £25,000 (2016: £50,000) to assist with the day to day running cost. It later transpired that these funds were not required and an amount of £24,843 will be returned to Merseyside Fire and Rescue. These monies were not recognised as Income during the year and form part of the Creditor balance at year end. In Addition Merseyside Fire and Rescue hired various facilities at Toxteth Fire Fit Hub. This amounted to £3,870 (2016:£1,680).

21. Ultimate controlling party

As LMH Group controls the appointment of the Board it is considered to be the beneficial owner. In the opinion of the trustees LMH Group is the ultimate parent company and controlling party.

22. Capital Commitments

There were no capital commitments at 31 March 2017 (2016: nil)

NOTES TO THE FINANCIAL STATEMENTS

23. Prior year adjustment

The charity has restated the prior year debtors following a reconciliation of debtors post acquisition.

Restated unrestricted funds

| | 2016 £'000 |
|------------------------------------|---------------|
| Original unrestricted funds | 123 |
| Adjustment to debtors | (5) |
| Restated unrestricted funds | 118 |

Restated total funds carried forward for year ended 31 March 2016

| | 2016 £'000 |
|--|---------------|
| Original funds carried forward | 131 |
| Increase in expenditure on charitable activities | (5) |
| Restated funds carried forward | 126 |

