

Company Registration Number: 01548338 (England and Wales)
Homes England Number: 4660
Registered Charity Number: 511265

**ACTION HOUSING AND SUPPORT LIMITED
REPORTS AND FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2019**

ACTION HOUSING & SUPPORT LIMITED (BY GUARANTEE)

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FOR THE YEAR ENDED 31 MARCH 2019

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ACTION HOUSING & SUPPORT LIMITED (BY GUARANTEE)

TRUSTEES' REPORT INCORPORATING THE OPERATIONAL AND FINANCIAL REVIEW - continued

FOR THE YEAR ENDED 31 MARCH 2019

The trustees, who are the non executive directors of the company, present their report with the audited financial statements of the charitable company for the year ended 31 March 2019.

REFERENCE AND ADMINISTRATIVE DETAILS

| | |
|---|---|
| Company registration number: | 01548338 (England and Wales) |
| Charity registration number: | 511265 |
| Homes England registration number: | 4660 |
| Members of the board: | Mr A Stott (Chair) Mr A Hopton (Vice Chair) Mr I Knowles Mrs P Warnock Miss D Wray – Resigned 2 August 2019 |
| Chief Executive: | Mrs E Smith – Resigned 1 July 2018 Mr T Platten – Appointed 2 July 2018 |
| Company Secretary: | Miss Caroline Bell |
| Registered office: | 6 Genesis Business Park Sheffield Road Rotherham South Yorkshire S60 1DX |
| Auditor: | BHP LLP 2 Rutland Park Sheffield South Yorkshire S10 2PD |
| Solicitor: | Gunner Cooke 53 King Street Manchester M2 4LQ |
| Solicitor: | Hill Dickinson City Plaza Pinfold Street Sheffield S1 2GU |
| Bankers: | The Royal Bank of Scotland PO Box 31 High Street Rotherham S60 1PS |
| Bankers: | Unity Trust Bank plc Nine Brindleyplace Birmingham B1 2HB |

Principal Activities

The Trustees, who are the non executive directors of the company, present their report with the audited financial statements of the charitable company for the year ended 31 March 2019.

Action Housing & Support works for the public benefit through its principal activities of providing accommodation, support, education and employability training and related services to a wide variety of vulnerable people. Currently these activities are carried out in South Yorkshire, Derbyshire and Derby City. The objective of the charity is expressed in its Articles of Association:

'To educate and train and relieve poverty and sickness among persons who are suffering or who have suffered a legal restriction on their liberty in any penal or correctional establishment or through any means whatever including issues with learning difficulties, mental health, drug and alcohol, woman escaping domestic abuse, young people with multiple needs, sex workers and other vulnerable persons who require assistance to achieve and or maintain independence, also including (but not limited to) any orders made under the Mental Health Act or some other similar legislation and the families of such persons in such ways as the Board think fit and to further and promote the study of and research into all aspects and methods of the prevention of crime and delinquency and to obtain and make records of and disseminate information concerning the same, and to promote, support or carry on either alone or in co-operation with any subsidiary company of the Association or any other body, authority, or person, any project or scheme in connection with any methods of the prevention of crime and delinquency and to provide monies for such purposes whether by way of loans, grants, advances, gifts or otherwise as the Board think fit;

To carry on for the benefit of the community the business of providing social housing and any associated amenities, services, advice or assistance.

The aim of the company is to work to enable vulnerable people to establish a home and live responsibly in society.'

Organisational Status

Action Housing & Support is a Registered Charity and a Company Limited by Guarantee, without a share capital. Its governing instrument is the Articles of Association.

Action Housing & Support is also a Registered Housing Provider and these accounts are prepared in accordance with the Companies Act 2006, the Housing Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing in England 2015.

Internal Controls, Governance and Risk Management

A Board of Trustees governs the company. The Board exists to provide probity and governance to Action Housing and Support, set the strategic direction, ensure adherence to the Articles of Association, support the Executive Team as they run the business, appoint the Chief Executive and hold them to account, provide advice, scrutiny and fresh eyes, behaving as critical friends.

Our Governance Framework covers the principles by which our organisation is constituted. It also records who take decisions, and how the decisions taken are recorded, communicated and implemented. Our organisation is a values-led, 'not for profit' organisation, and all income goes into running the organisation and the services delivered by it.

The Trustees continually review the risks to which the charity is exposed. Systems are in place to mitigate those risks utilising our Risk Management Framework & Business Continuity Plan.

During the year, Trustees have been made aware of minor deficiencies in the control environment and have been satisfied that the necessary action is taking place to address this. They have also been made aware of a red audit outcome on the Homes England compliance audit and again they have been assured that processes have been put in place to ensure this issue does not arise again.

Board Membership and Responsibilities

The members below have served in office from 1st April 2018 to the date of this report, except where otherwise indicated:

Mr A Stott (Chair)
Mr A Hopton (Vice Chair)
Mr I Knowles
Mrs P Warnock
Miss D Wray (resigned 2nd August 2019)

No remuneration is paid to Trustees and as the company is limited by guarantee, none of the Trustees has any interest in the shares or retained reserves.

Strategic Report

Operational Review

Our activities focus on tenancy sustainment, the provision of accommodation, the prevention of offending and homelessness, the provision of domestic abuse services and supporting individuals to independent and self-sufficient living. The delivery of our services benefits individuals through the creation of opportunity, enabling them to realise their potential and lead fulfilling lives.

Our funding currently enables the services we provide to be delivered to residents or people living in:

- Barnsley
- Doncaster
- Rotherham
- Sheffield
- Derbyshire
- Derby City

In 2018/19 we operated around an average of 134 units of general needs accommodation, 112 units of Sustainable Tenancy Provision (STP) and 157 bedspaces of Supported Accommodation to people with complex needs. The duration of support delivered to individuals ranged from six weeks to two years and the accommodation was provided from a mix of funding from the Homes England Affordable Homes Programmes, borrowings and internally generated funds. We aim to continue developing new homes over the coming year, with 11 units in programme with Homes England.

During the year, non-accommodation based Domestic Abuse services were delivered to the communities of Sheffield, Derby and Derbyshire.

Whilst the rent cut announced in the Welfare Reform and Work Act 2016 continued to impact on us during the year and will continue to do so next year, the announcement by the Government that the Social Housing Sector will return to a CPI +1% rent increase environment for five years from 1st April 2020 is very positive for us. We do however, remain committed to enhancing and extending the delivery of our services through active financial management and continued efficiencies as well.

We continue to encourage HOPE Renovation volunteers, offering core skills training, volunteering and work placement opportunities on our development sites.

The impact of our work goes beyond those we help directly; it reduces the distress suffered by families, friends and the wider society. It reduces demands upon statutory services and the public purse in terms of a reduction in crime, anti-social behaviour, drug abuse, poor health and social exclusion, and assists in the building of cohesive neighbourhoods.

ACTION HOUSING & SUPPORT LIMITED (BY GUARANTEE)

TRUSTEES' REPORT INCORPORATING THE OPERATIONAL AND FINANCIAL REVIEW - continued

FOR THE YEAR ENDED 31 MARCH 2019

The primary income sources of the Charity are rental income and contracts with local authorities. Homes England provided development funding this year. We also received a number of smaller grants, which were used to purchase equipment and deliver activities for our young people in Rotherham and Derbyshire. Our Domestic Abuse Service in Derbyshire has also benefited from additional funding from a number of sources including a grant from the Ministry of Housing, Communities and Local Government (MHCLG), administered by Derby City Council for our support line: Ensuring that this line is accessible to all victims, including those from marginalised and or isolated communities.

The year has been a challenging one for Action, with a new Chief Executive taking up the reigns from the Interim Chief Executive in July 2018.

During the year we faced challenges in the delivery of our services:

- Following on from the loss of the Chief Executive in the previous financial year and several other Senior Managers this year, significant amounts of unplanned expenditures were incurred in ensuring the continuity of management of the services until the recruitment of the new management team;
- Rotherham Metropolitan Borough Council (RMBC) reduced their commissioning of our young persons' service at Parkgate from 55 units to 32 with effect from 1st October 2018. This gave us a consequent loss of £152k of Support Income and additionally left us with our new build block of 12, two bedroomed apartments (only completed in the previous financial year) largely unoccupied for the second half of the year. Age restrictions on the funding used to develop the facility and the requirement of Rotherham Commissioners to reduce the number of vulnerable young people housed in a single location, left us unable to fill the units for most of the second half of the year, causing a significant loss of rental income too. Despite contract concerns, the new management team worked to ensure our contract for this service was extended to 30th June 2019, when RMBC was not ready to re-tender at the end of our contract term. Even though there had been contract concerns during the early part of 2018/19, we delivered a tender submission that convinced Commissioners of our continued ability to deliver the service, with our new quality assurance framework scoring highly in the tender process. Unfortunately however, we did not secure the contract renewal in the final round, coming second in the process. However, approval was received in July 2019 from Homes England to enable us to use the facility for other client groups;
- In Sheffield we continued to work with Target Housing Ltd during the year, to deliver the provision of a contract for offender housing related support services. TASC (Target & Action for Safer Communities) provided both accommodation and floating support services to clients. This contract came up for re-tender from 31st May 2019 and as Target had indicated they would be bidding for this alone and we could not find the necessary number of properties to meet the tender submission deadline, we reluctantly did not take part in the tender exercise;
- Our Sheffield Domestic Abuse service expired on 31st March 2019;
- Derbyshire Domestic Abuse Helpline services continued to be well received, with the Derbyshire Police and Crime Commissioner (PCC) and Derbyshire County Council extending the Domestic Abuse Contract for a further 12 months, as well as passing on further funds to us, obtained from the Ministry of Housing, Communities and Local Government (MHCLG) for the targeting of hard to reach ethnic minorities by the service;
- We expanded our operations within Derby City to include a new Sustainable Tenancy project (STP), consisting of around 35 units of specified accommodation as well as adding a further 12 units to our already established Chesterfield (STP) scheme, assisting the councils in responding to their enhanced Homelessness duties. These units were provided by lease of properties from private sector landlords;

- Two new general needs schemes were brought into management during the year with the aid of Homes England Funding. These consisted of three units from a converted terraced house on Rawmarsh Hill (adding to our owned stock) and the Station Hotel in Creswell, which was leased from the landlord for 14 years and re-developed to provide 15 units of accommodation.

To enable the charity to deal with these challenges, a new management team was established during the year, which has enabled:

- The establishment of a new Quality Assurance Framework, to ensure that the Board and Management remain fully sighted on the extent to which our services are meeting Commissioner, Statutory and Regulatory requirements; and
- The implementation of long-term financial modelling software, to enable us to model the impact of service losses and our plans to overcome these financially.

Despite the challenges, Trustees remain committed to the generation of income for the charity and opportunity for our clients, but are clear that diversification must be appropriate and sustainable in the longer term. The Board continue to work with the senior team, to ensure our future success, development and growth.

Against this tough operational environment, the charity's principal asset remains its staff, and the Trustees would again wish to thank each staff member for their work and commitment.

Financial Review

As a result of the challenges previously outlined, overall the organisation returned a £243,084 deficit on activities before taxation (£12,703 Surplus - 2017/18). This included £30,000 (£70,000 - 2017/18) for FRS 102 pension adjustments. Without these non-cash adjustments the operating deficit would have been reduced to £213,084 (£57,297 surplus - 2017/18).

The closing Net Liabilities at 31st March 2019 were £2,484,552 (£1,333,468 - 2017/18) of which £289,467 (£296,926 - 2017/18) was restricted funds and -£2,774,019 (-£1,630,394 - 2017/18) was unrestricted reserves.

The trustees have prepared a financial recovery plan showing forecasts of income, expenditure and cash flow for the period to 31 March 2021. The forecasts show that the company has sufficient cash reserves to be able to continue its operations for the foreseeable future.

Reserves Policy

During the last financial year, the level of reserves has been very much linked to the unfolding operational challenges and our ability to manage our out-going resources accordingly. We have taken several stringent actions, including a programme of redundancies, to deliver the best strategic response possible in the short timeframes available. Going forwards, as we implement a further financial recovery plan, we will re-focus on our reserves policy and strategy to ensure financial viability and sustainability into the future.

At 31 March 2019, the value of general funds held was £3,153,981 (£3,226,606 - 2017/18) with restricted funds at £289,467 (£296,926 - 2017/18). The deficit on the defined benefit pension scheme stood at £5,928,000 (£4,857,000 - 2017/18). Taking into account the above, total reserves are currently in a negative position at £2,484,552 (£1,333,468 - 2017/18).

The free reserves consist of unrestricted funds net of fixed assets, associated bank loans and the defined benefit scheme pension liability. At the year-end free reserves amounted to £222,892 (£474,139 - 2017/18), which represents just over half of one month's expenditure.

Key Risks

The main risks faced by the Charity are identified as:

- Scarcity in public sector funding for services to support vulnerable people. We have reduced our reliance on short-term, cyclical support funding during the year to £2,243,463 (£2,350,440 – 2017/18), in favour of a greater focus on the accommodation part of our services (Rents), where funding is currently more certain £3,278,313 (£2,703,287 – 2017/18). Support income now accounts for 38.3% of our total income for the year (42.8% - 2017/18) and we intend to reduce this reliance further in coming year;
- The impact of recent service losses on the Reputation of the organisation with Commissioners and other Funders;
- Change in Senior Management and reliance on key staff;
- Quality of services;
- Maintaining adequate cash flow and free reserves.

Main controls for these risks lie in:

- a dedicated business development resource, researching and identifying new opportunities and re-building positive relationships and open dialogue with commissioners and other stakeholders;
- implementation of a new Early Warning Audit Tool (EWAT), with a clear focus on building and embedding consistency of processes and developing people;
- Working openly and transparently with our main funder, Unity Bank, to ensure they are kept abreast of our plans to strengthen the financial position into the future and delivery against these plans on a regular basis.

Directors' Salaries

The Board of Trustees have overview of senior pay and terms and conditions. Salaries are benchmarked by use of the ACEVO pay survey and monitoring of the local jobs market.

Investments

The company's investment powers are set out in its Articles of Association and allow the company to invest funds not immediately required in securities and property, subject to such conditions as may be required by law. Those responsible for financial management remain mindful of the current economic climate and the need to invest to secure maximum income whilst managing associated risk.

Plans for future periods

For the future our aim is to move away from over-reliance on volatile and short-term support income sources and capitalise on our strengths in relation to the current emphasis on provision for the homeless. We aim to develop and provide cost effective, outcome and evidence based services, only taking on new services where they demonstrate a sustainable business model for the future.

Events since the Balance Sheet date

There are no other important events that have occurred since the balance sheet date which affect the company.

ACTION HOUSING & SUPPORT LIMITED (BY GUARANTEE)

TRUSTEES' REPORT INCORPORATING THE OPERATIONAL AND FINANCIAL REVIEW - continued

FOR THE YEAR ENDED 31 MARCH 2019

Value for Money

Action Housing & Support has developed over the years by tendering for services in a continual, competitive cycle. This cycle ensures that services and the value they provide are reviewed and tested against the open market on a regular basis. It also continues to develop its property portfolio, which has resulted in the increased provision of both general needs accommodation and also supported accommodation. During 2018/19, the organisation has focussed on delivering value for money through the following activities:

- Reviewing the business support functions and delivering many of these in a more cost effective manner, through the services themselves, rather than a dedicated central resource;
- Reviewing the costs associated with the Rotherham Young Persons' service to ensure it remains viable against the backdrop of the reduced units commissioned by RMBC and associated loss of support income during the year;
- Responding to the new tender for Rotherham Young Persons' service from 1st August 2019, again focussing on achieving greater value for money in order to submit a competitive tender response;
- Introduction of an Early Warning Audit Tool (EWAT) to assure the quality of services provided for and on behalf of our Commissioners and other stakeholders.

Value for money remains high on the agenda in order to return the charity to viability, whilst at the same time maintaining and improving the quality of our services. The following initiatives are planned for 2019/20:

- Further review of the organisational structure to ensure it is best matched to our future objectives and services at the minimum cost;
- Greater use of our assets as income generating resources (conversion of offices to lettable units where possible and renting out of excess capacity where unsuitable for residential lettings);
- Expansion of the STP model in existing Local Authorities and into new Local Authorities;
- Review of the organisation's cost model and re-alignment of costs with income streams, to ensure all services make a contribution to the required free reserve levels.

To comply with the Regulator of Social Housing Value for Money Metrics requirement, Action Housing and Support has calculated the following data:

| | 2019 | 2018 |
|---|-------------|-------------|
| Metric 1 Reinvestment % | 9.3% | 12.8% |
| Metric 2 New supply delivered (social housing units) | 2.5% | 6.4% |
| Metric 3 Gearing % | 19.7% | 16.2% |
| Metric 4 Earnings before interest, tax and depreciation % | -176.1% | 33.8% |
| Metric 5 Headline Social cost per unit | £15,678 | £15,508 |
| Metric 6 Operating Margin % | | |
| (social housing and overall the same) | -2.9% | 1.6% |
| Metric 7 Return on capital employed % | -2.2% | 1.1% |

Trustees' Responsibilities

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

The Companies Act 2006 and registered social housing legislation require the Trustees' to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the association and of its income and expenditure for that period, as well as:

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

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time, the financial position of the association 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 in England 2015. They are also responsible for taking reasonable steps to safeguard the assets of the charitable company and for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website.

Statement as to disclosure of information to Auditor

We, the trustees of the charitable company who held office at the date of approval of these Financial Statements as set out above, each confirm, so far as we are aware, that:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- we have taken all the steps that we ought to have taken as trustees, in order to make ourselves aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

Auditors

The auditors, BHP, Chartered Accountants, will be proposed for re-appointment at the forthcoming Annual General Meeting.

On Behalf of the Board


A Stott – Trustee & Chair

This report was approved by the Board on 5th September 2019 and has been signed on its behalf by Atholl Stott, Trustee and Chair.

ACTION HOUSING & SUPPORT LIMITED (BY GUARANTEE)

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF ACTION HOUSING & SUPPORT LIMITED

FOR THE YEAR ENDED 31 MARCH 2019

We have audited the financial statements of Action Housing and Support Limited (the 'association') for the year ended 31 March 2019 which comprise the Income and Expenditure Account, The Balance Sheet, The Cashflow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the association's affairs as at 31 March 2019, 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, the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing in England 2015.

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 association 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 board's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the board has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the association's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

ACTION HOUSING & SUPPORT LIMITED (BY GUARANTEE)

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF ACTION HOUSING & SUPPORT LIMITED

FOR THE YEAR ENDED 31 MARCH 2019

Opinions 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 board report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the board report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the association and its environment obtained in the course of the audit, we have not identified material misstatements in the board report.

We have nothing to report in respect of the following matters in relation to which 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; or
- the board was not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and from the requirement to prepare a strategic report.

In addition, we have nothing to report in respect of the following matter where the Housing and Regeneration Act 2008 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained.

Responsibilities of the board

As explained more fully in the board's responsibilities statement set out on page 8, the Trustees (who are also the directors of the association 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, and for such internal control as the board determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the board is responsible for assessing the association'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 board either intends to liquidate the association or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

ACTION HOUSING & SUPPORT LIMITED (BY GUARANTEE)

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF ACTION HOUSING & SUPPORT LIMITED

FOR THE YEAR ENDED 31 MARCH 2019

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 association's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 137 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the association'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 association and the association's members as a body, for our audit work, for this report, or for the opinions we have formed.



Jane Marshall (Senior Statutory Auditor)
for and on behalf of BHP LLP, Chartered Accountants

Date: 27 September 2019

2 Rutland Park
Sheffield
S10 2PD

ACTION HOUSING & SUPPORT LIMITED (BY GUARANTEE)

INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2019

| | Note | 2019 £ | 2018 £ |
|---|------|--------------------|-------------|
| Turnover | 2 | 5,866,029 | 5,494,151 |
| Cost of sales | 3 | (6,040,287) | (5,405,594) |
| Operating (deficit)/surplus | | (174,258) | 88,557 |
| Write off of investment | | - | (100) |
| Loss on disposal of tangible fixed assets | 6 | (931) | (667) |
| Interest receivable and similar income | 5 | 1,534 | 761 |
| Bank loan interest payable | 5 | (69,429) | (75,848) |
| (Deficit)/surplus on ordinary activities before taxation | | (243,084) | 12,703 |
| Tax on (deficit)/surplus on ordinary activities | | - | - |
| (Deficit)/surplus for the year | | (243,084) | 12,703 |

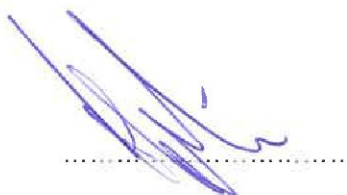
CONTINUING OPERATIONS

The results relate to wholly continuing activities.

On behalf of the Board



A Stott, Director



A Hopton, Director

ACTION HOUSING & SUPPORT LIMITED (BY GUARANTEE)
STATEMENT OF TOTAL RECOGNISED SURPLUSES AND DEFICITS
FOR THE YEAR ENDED 31 MARCH 2019

| | Note | 2019 £ | 2018 £ |
|---|------|--------------------|-----------|
| (Deficit)/surplus for the year | 7 | (243,084) | 12,703 |
| Actuarial (losses)/gains arising on defined benefit pension | 18 | (908,000) | 1,051,000 |
| Operating (deficit)/surplus | | (1,123,334) | 1,603,703 |

ACTION HOUSING & SUPPORT LIMITED (BY GUARANTEE)

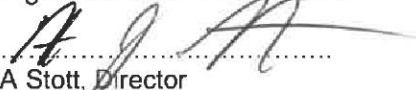
BALANCE SHEET

FOR THE YEAR ENDED 31 MARCH 2019

| | Note | 2019 £ | 2018 £ |
|--|------|--------------------|--------------------|
| Fixed assets | | | |
| Housing properties | 11 | 6,468,454 | 5,981,745 |
| Other tangible fixed assets | 11 | 788,100 | 839,937 |
| | | 7,256,554 | 6,821,682 |
| Current assets | | | |
| Debtors | 12 | 445,067 | 376,287 |
| Cash at bank and in hand | | 746,684 | 1,166,810 |
| | | 1,191,751 | 1,543,097 |
| Creditors: amounts falling due within one year | 13 | (443,391) | (485,046) |
| Net current assets | | 748,360 | 1,058,051 |
| Total assets less current liabilities | | 8,004,914 | 7,879,733 |
| Creditors: amounts falling due after more than one year | 14 | (4,561,466) | (4,356,201) |
| Defined benefit pension liability | 18 | (5,928,000) | (4,857,000) |
| Total net liabilities | | (2,484,552) | (1,333,468) |
| Reserves | | | |
| Unrestricted reserves | 16 | 3,153,981 | 3,226,606 |
| Pension reserves | 16 | (5,928,000) | (4,857,000) |
| Restricted reserve | 16 | 289,467 | 296,926 |
| Total Reserves | | (2,484,552) | (1,333,468) |

The financial statements were approved and authorised for issue by the Board on 5 September 2019.

Signed on behalf of the board


A Stott, Director


A Hopton, Director

The notes on pages 16 to 33 form part of these accounts.

Company registration number: 01548338

ACTION HOUSING & SUPPORT LIMITED (BY GUARANTEE)

STATEMENT IN CHANGES OF RESERVES

FOR THE YEAR ENDED 31 MARCH 2019

| | General reserve £ | Pension reserve £ | Restricted reserve £ | Total £ |
|--|----------------------------------|----------------------------------|-------------------------------------|--------------------|
| At 1 April 2017 | 3,104,075 | (5,688,000) | 186,754 | (2,397,171) |
| Surplus/(deficit) for the year | 122,531 | (220,000) | 110,172 | 12,703 |
| Remeasurement gain/(loss) on defined benefit pension plan | - | 1,051,000 | - | 1,051,000 |
| Total comprehensive income at 31 March 2018 | 3,226,606 | (4,857,000) | 296,926 | (1,333,468) |
| (Deficit) for the year | (72,625) | (163,000) | (7,459) | (243,084) |
| Remeasurement (loss) on defined benefit pension plan | - | (908,000) | - | (908,000) |
| Total comprehensive income at 31 March 2019 | 3,153,981 | (5,928,000) | 289,467 | (2,484,552) |

ACTION HOUSING & SUPPORT LIMITED (BY GUARANTEE)

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2019

| | Note | 2019 £ | 2018 £ |
|---|------|------------------|------------------|
| Net cash flow from operating activities | 17 | 35,517 | 443,450 |
| Cash flow from investing activities | | | |
| Purchase of tangible fixed assets | | (716,033) | (938,707) |
| Sale of tangible fixed assets | | - | 667 |
| Disposal of investments | | - | 100 |
| Social Housing Grants received | | 316,916 | 462,447 |
| Interest received | | 1,534 | 761 |
| Net cash flow from investing activities | | (397,583) | (474,732) |
| Cash flow from financing activities | | | |
| Proceeds from issue of new long-term loans | | - | 2,241,777 |
| Repayment of long term loans | | (127,489) | (2,117,783) |
| Interest paid | | 69,429 | 75,848 |
| Net cash flow from financing activities | | (58,060) | 199,842 |
| Net (decrease)/increase in cash and cash equivalents | | (420,126) | 168,560 |
| Cash and cash equivalents at 1 April 2018 | | 1,166,810 | 998,250 |
| Cash and cash equivalents at 31 March 2019 | | 746,684 | 1,166,810 |
| Cash and cash equivalents consists of: | | | |
| Cash at bank and in hand | | 746,684 | 1,166,810 |
| Cash and cash equivalents at 31 March 2019 | | 746,684 | 1,166,810 |

1 Summary of significant accounting policies

Status

The company is registered under the Companies Act 2006 and has been a registered charity since 21 April 1981. The charitable company registered with the Regulator of Social Housing as a housing provider on 2 June 2011.

General information and basis of preparation

Action Housing & Support Limited is a private registered provider of social housing in the United Kingdom. The address of the registered office is given in the company's information on page 1 of these financial statements. The nature of the company's operations and principal activities are the provision of social housing.

The company constitutes a public benefit entity as defined by FRS 102.

The financial statements have been prepared in accordance with applicable accounting standards including Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Statement of Recommended Practice for Social Housing Providers 2014, and with the Accounting Direction for private registered providers of social housing in England 2015. The financial statements are also prepared under the requirements of the Housing and Regeneration Act 2008 and the Companies Act 2006. The financial statements have been prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are prepared in sterling, which is the functional currency of the association, and rounded to the nearest £.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

Tangible fixed assets

Housing properties

Social housing properties are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended, such as the cost of acquiring land and buildings, developments costs, interest charges on loans during the development period and expenditure on improvements. Expenditure on improvements will only be capitalised when it results in incremental future benefits such as increasing rental income, reducing maintenance costs or resulting in a significant extension of the useful economic life of the property.

ACTION HOUSING & SUPPORT LIMITED (BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

Major components of housing properties are depreciated at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

| | |
|--------------------|-----------|
| Structure | 100 years |
| Roofs | 60 years |
| Kitchens | 10 years |
| Bathrooms | 15 years |
| Windows and doors | 20 years |
| Boilers and fires | 12 years |
| Electrics | 30 years |
| Mechanical systems | 20 years |

Freehold land is not depreciated. Housing properties under construction are not depreciated until they are in use and the useful economic lives of all tangible fixed assets are reviewed annually.

Other

Other tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

| | |
|----------------------------|------------------------|
| Land | Not depreciated |
| Buildings - freehold | 50 years straight line |
| Buildings - long leasehold | Over lease term |
| Office furniture | 5 years straight line |
| Office equipment | 4 years straight line |
| Computer equipment | 3 years straight line |

Impairment

All properties are considered for impairment annually and detailed reviews of assets for impairment are carried out if there is an indication that impairment has occurred or if they are not being depreciated.

Impairments that are a result of a major reduction in the service potential of a property are recognised in the income and expenditure account. Impairments that reflect general changes in price are, where the property is shown at a valuation, recognised in the statement of total recognised surpluses and deficits until the value of the asset falls to depreciated historical cost.

Further impairments, or the full impairment if the property has not been revalued, are then recognised in the income and expenditure account.

Debtors and creditors receivable / payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income and expenditure in other administrative expenses.

Rights of social landlords to have improvement works carried out to properties by a third party (such as a local authority) are recognised as prepayments where payment has occurred in advance of the works being carried out and receipts in advance from the same third party recognised as liabilities. Assets and liabilities or income and expenditure are not offset.

Stocks

Stocks of paint, papers, sheets, blankets, cutlery and crockery are not taken and items are charged in the accounts as an expense when purchased. The trustees do not consider that the value of stock is either significant or material.

Leases

Rentals paid under operating leases are charged in the income and expenditure account as incurred.

Tax

The charity is exempt for the purposes of corporation tax.

The activities of the charity are mainly exempt from VAT, and therefore the charity is not registered for VAT purposes. Because of the small amounts involved, expenditure is shown gross and capital items purchased are shown gross in the financial statements.

Turnover

Turnover represents rental and service charges income receivable in the year net of rent and service charge losses from voids, revenue grants from the government (local authorities) and the Homes and Communities Agency.

Grants

Grants receivable funding the general activities of the company are included in the year in which they are receivable.

Social Housing Grants

Social Housing Grants (SHG) are made by Homes England to assist with the acquisition of developments. SHG grants are included in deferred income and released in line with the depreciation of the assets.

Pension costs

The company operates a defined benefit pension scheme. An actuarial valuation was carried out at 31 March 2016 by a qualified independent actuary with a full valuation required every three years. The company's share of changes in the deficit is recognised on the balance sheet. The company's share of changes in the deficit is included in the income and expenditure account.

Employee benefits

When employees have rendered service to the charity, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

Restricted Reserves

Restricted reserves are those reserves which are only expendable in accordance with the wishes of the funder or regulatory body. Restricted reserves include funds raised in response to a specific appeal. Revenue and expenditure cannot be directly set against restricted reserves but is taken through the income and expenditure account and then a transfer to restricted reserves is made as appropriate.

Judgements and key sources of estimation uncertainty

The following judgements (apart from those involving estimates) have been made in the process of applying the above accounting policies that have had the most significant effect on amounts recognised in the financial statements:

There were no judgements that didn't involve estimates.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

There were no key assumptions.

ACTION HOUSING & SUPPORT LIMITED (BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

2 Turnover

| | 2019 £ | 2018 £ |
|---------------------|------------------|------------------|
| Rental income | 3,278,313 | 2,703,287 |
| Contracted income | 2,243,463 | 2,350,440 |
| Other grants | 43,750 | 38,109 |
| Commercial premises | 71,798 | 55,428 |
| Other income | 1,472 | 7,832 |
| Homes England | 174,132 | 213,958 |
| Statutory services | 53,101 | 125,097 |
| Total | 5,866,029 | 5,494,151 |

Rental Income is included in the accounts after providing bad debts of £135,885 (2018: £109,593) and net of rental voids incurred during the year to the value of £475,854 (2018: £192,181).

Homes England and other grants income contains £52,856 (2018: £30,813) of amortised grant, the remainder relates to non-capitalised grant income.

3 Operating costs

| | Staff Costs £ | Other £ | Depreciation £ | Total 2019 £ | Total 2018 £ |
|----------------------------|------------------|------------------|-------------------|--------------------|--------------------|
| Housing and support | 1,687,755 | 541,322 | 45,562 | 2,274,639 | 2,217,333 |
| Housing management | 120,287 | 42,018 | 2,951 | 165,256 | 153,245 |
| Housing maintenance | 115,661 | 1,665,113 | 214,264 | 1,995,038 | 1,481,972 |
| Housing services | 386,518 | 7,335 | 2,604 | 396,457 | 368,019 |
| Client services: | | | | | |
| Project management | 176,010 | 126,430 | 8,159 | 310,599 | 288,263 |
| Administration expenditure | 566,557 | 160,124 | 6,690 | 733,371 | 717,690 |
| Governance costs | 19,195 | 16,732 | - | 35,927 | 33,072 |
| Pension finance costs | - | 129,000 | - | 129,000 | 146,000 |
| | 3,071,983 | 2,688,074 | 280,230 | 6,040,287 | 5,405,594 |

Governance costs include the following:

| | 2019 £ | 2018 £ |
|-----------------------------------|---------------|---------------|
| Salaries and office costs | 19,195 | 18,351 |
| Auditors fees- audit services | 12,000 | 12,000 |
| Auditors fees- non audit services | 732 | 732 |
| Legal and professional fees | 4,000 | 1,989 |
| | 35,927 | 33,072 |

ACTION HOUSING & SUPPORT LIMITED (BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

4 Accommodation owned, managed and in development

| | Number of units at start date 2019 | Number of units at end date 2018 |
|---------------------------------|---|---|
| <i>Social housing</i> | | |
| General needs housing | 109 | 100 |
| Sustainable tenancy | - | - |
| Supported housing | - | - |
| Total Social housing | 109 | 100 |
| <i>Non-social housing</i> | | |
| General needs housing | 25 | 23 |
| Sustainable tenancy | 108 | 77 |
| Supported housing | 173 | 174 |
| Total Non-Social housing | 306 | 274 |
| Total housing | 415 | 374 |

5 Interest and other finance income and expenses

a) Interest receivable and similar income

| | 2019 £ | 2018 £ |
|--------------------------|-----------|-----------|
| Deposit account interest | 1,534 | 761 |

b) Interest payable and similar expenses

| | 2019 £ | 2018 £ |
|---------------------------|-----------|-----------|
| Bank loans and overdrafts | 69,429 | 75,848 |

c) Other finance costs

| | 2019 £ | 2018 £ |
|---|-----------|-----------|
| Interest on net defined benefit pension liability | 450,000 | 441,000 |

6 Disposals of housing properties held as tangible fixed assets

| | 2019 £ | 2018 £ |
|--|----------------|----------------|
| Proceeds from the disposal of housing properties | - | - |
| Carrying value of housing properties | 931,000 | 667,000 |
| | 931,000 | 667,000 |

ACTION HOUSING & SUPPORT LIMITED (BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

7 Surplus/(deficit)

Surplus/(deficit) is stated after charging:

| | 2019 £ | 2018 £ |
|--|-----------|-----------|
| Auditor's remuneration (including expenses and benefits in kind) for audit | 12,000 | 12,000 |
| Auditor's remuneration (including expenses and benefits in kind) for non-audit | 732 | 732 |
| Depreciation of housing properties and components | 184,982 | 150,946 |
| Depreciation of other tangible assets | 95,248 | 104,583 |
| Grants released against depreciation | (52,856) | (30,813) |
| Rent losses from bad debts | 135,885 | 109,593 |
| Operating lease rentals | 969,092 | 570,787 |

8 Trustee remuneration and benefits

During the year trustees received remuneration and benefits amounting to £Nil (2018- £Nil).

Trustee expenses

Travel expenses totalling £1,926 (2018 - £1,989) were paid to 5 Trustees (2018- 5 trustees).

9 Board and key management personnel remuneration

The total remuneration for key management personnel amounted to £312,108 (2018 - £273,424).

During the year total pensions of £28,959 (2018 - £13,036) was payable to key management personnel (including past directors).

The highest paid director received £67,779 (2018 - £59,475) remuneration (excluding pension contributions).

One of the chief executives is included in the South Yorkshire Pension Scheme, and is an ordinary member of the scheme. No enhanced or special terms apply. Action Housing and Support Limited did not make any further contribution to an individual pension arrangement for the chief executive.

ACTION HOUSING & SUPPORT LIMITED (BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

10 Staff costs

The average number of employees, including members of the executive team, calculated on a full time equivalent was 125 employees (2018 - 123).

There was one employee who received more than £60,000 as their employee package during the year (2018 - 0 employees).

| | 2019 £ | 2018 £ |
|-----------------------|------------------|------------------|
| Wages and salaries | 2,634,814 | 2,572,233 |
| Social security costs | 155,427 | 174,000 |
| Other pension costs | 281,742 | 284,542 |
| | <u>3,071,983</u> | <u>3,030,775</u> |

Other pension costs includes £30,000 (2018 - £70,000), being the net pension costs movement as disclosed in note 18 to the accounts and in accordance with FRS 102.

All employees were involved in direct charitable services, with a proportion of time of some staff taken up by administrative duties.

11 Tangible fixed assets – Housing properties for letting

| | Land and buildings £ | Leasehold improvements £ | Total £ |
|-------------------------|----------------------------|--------------------------------|------------|
| Cost: | | | |
| At 1 April 2018 | 6,061,420 | 540,407 | 6,601,827 |
| Additions | 672,622 | - | 672,622 |
| Disposals | (6,115) | - | (6,115) |
| At 31 March 2019 | 6,727,927 | 540,407 | 7,268,334 |
| Depreciation: | | | |
| At 1 April 2018 | 430,489 | 189,593 | 620,082 |
| Charge for the year | 129,079 | 55,903 | 184,982 |
| Eliminated on disposals | (5,184) | - | (5,184) |
| At 31 March 2019 | 554,384 | 245,496 | 799,880 |
| Net book value: | | | |
| At 1 April 2018 | 5,630,931 | 350,814 | 5,981,745 |
| At 31 March 2019 | 6,173,543 | 294,911 | 6,468,454 |

Tangible fixed assets – other

| | Freehold buildings £ | Leasehold improvements £ | Fixtures and fittings £ | Total £ |
|-------------------------|----------------------------|--------------------------------|-------------------------------|------------|
| Cost: | | | | |
| At 1 April 2018 | 902,302 | 57,005 | 1,142,201 | 2,101,238 |
| Additions | - | - | 43,411 | 43,411 |
| Disposals | - | - | - | - |
| At 31 March 2019 | 902,302 | 57,005 | 1,185,612 | 2,144,649 |
| Depreciation: | | | | |
| At 1 April 2018 | 204,510 | 48,838 | 1,007,953 | 1,261,301 |
| Charge for the year | 18,342 | 6,924 | 69,982 | 95,248 |
| Eliminated on disposals | - | - | - | - |
| At 31 March 2019 | 222,852 | 55,672 | 1,077,935 | 1,356,549 |
| Net book value: | | | | |
| At 1 April 2018 | 697,522 | 8,167 | 134,248 | 839,937 |
| At 31 March 2019 | 679,180 | 1,333 | 107,677 | 788,100 |

ACTION HOUSING & SUPPORT LIMITED (BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

12 Debtors

| | 2019 £ | 2018 £ |
|---|----------------|----------------|
| Trade debtors (gross social housing rent arrears) | 366,302 | 349,478 |
| Less: provision for doubtful debt | (164,126) | (111,202) |
| | <u>202,176</u> | <u>238,276</u> |
| Trade debtors (others) | 138,423 | 68,523 |
| Prepayments and accrued income | 104,468 | 69,488 |
| | <u>445,067</u> | <u>376,287</u> |

13 Creditors: amounts falling due within one year

| | 2019 £ | 2018 £ |
|--------------------------------|----------------|----------------|
| Bank loans | 67,019 | 61,688 |
| Trade creditors | 86,343 | 116,589 |
| Other tax and social security | 46,669 | 50,416 |
| Other creditors | 53,198 | 43,139 |
| Accruals and deferred income | 137,282 | 167,788 |
| Deferred income capital grants | 52,880 | 45,426 |
| | <u>443,391</u> | <u>485,046</u> |

Bank loans totalling £2,178,791 (2018 - £2,236,851) are secured by a first legal charge over freehold and leasehold residential properties owned by the charity. The above loans are repayable monthly over a 25 year period at rates of interest charged at 2.5% over the bank's base rate, with a bullet repayment at the end of year ten (2027).

14 Creditors: amounts falling due after more than one year

| | 2019 £ | 2018 £ |
|-----------------------------------|-------------------------|-------------------------|
| Bank loans | 2,111,772 | 2,175,163 |
| Other creditors | 355,900 | 394,100 |
| Deferred income re capital grants | 2,093,794 | 1,786,938 |
| | <u>4,561,466</u> | <u>4,356,201</u> |

Bank loans, other creditors and deferred income re capital grants include aggregate amounts of £3,979,889 (2018 - £3,768,566) which fall due after five years and which are payable by instalments.

15 Leases

Operating leases - lessee

Total future minimum lease payments under non-cancellable operating leases are as follows:

| | 2019 £ | 2018 £ |
|--|-------------------------|-------------------------|
| Not later than one year | 502,419 | 522,641 |
| Later than one and not later than five years | 748,737 | 1,074,650 |
| Later than five years | 317,724 | 382,066 |
| | <u>1,568,880</u> | <u>1,979,357</u> |

ACTION HOUSING & SUPPORT LIMITED (BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

16 Reserves

| | BF 01.04.18 | Income | Expenditure | Transfers | Gains/ (losses) | CF 31.03.19 |
|--------------------------------------|--------------------|------------------|--------------------|------------------|----------------------------|--------------------|
| | £ | £ | £ | £ | £ | £ |
| Unrestricted reserves | | | | | | |
| General reserves | 3,226,606 | 5,804,646 | (5,877,271) | - | - | 3,153,981 |
| Pension reserves | (4,857,000) | - | (163,000) | - | (908,000) | (5,928,000) |
| | (1,630,394) | 5,804,646 | (6,040,271) | - | (908,000) | (2,774,019) |
| Restricted reserves | | | | | | |
| Action for Street Kids | 8,541 | - | (7,735) | - | - | 806 |
| South Yorkshire Offender Partnership | 7,313 | - | (277) | - | - | 7,036 |
| Homes England | 263,621 | 31,514 | (38,943) | - | - | 256,193 |
| RMBC Section 106 | - | 616 | (616) | - | - | - |
| Land Aid | - | 1,030 | (1,030) | - | - | - |
| Derby City | - | 1,137 | (1,137) | - | - | - |
| Derbyshire Domestic Abuse | 16,573 | 28,158 | (19,311) | - | - | 25,420 |
| Foundation Derbyshire | 1,340 | - | (1,327) | - | - | 13 |
| Trust and Learn to Take Control | (462) | 462 | - | - | - | - |
| | 296,926 | 62,917 | (70,376) | - | - | 289,467 |
| Total reserves | (1,333,468) | 5,867,563 | (6,110,647) | - | (908,000) | (2,484,552) |

Restricted reserves consist of the following:

Action for Street Kids: Rotherham Young Persons activities grant.

South Yorkshire Offender Partnership: Hope renovation project education and resources in Rotherham.

Homes England: Bringing empty homes into use within the private sector.

RMBC Section 106: Conversion of premises to provide general needs affordable housing in Rotherham.

Land Aid: Conversion of premises to provide accommodation and raining facilities for young people in Rotherham.

Derby City: Capital grant to refurbish properties in Derby.

Derbyshire Domestic Abuse: The provision of resources to ensure that our support line in Derbyshire is accessible by all victims of domestic abuse including those from marginalised/isolated communities.

Foundation Derbyshire: To fund educational, developmental and life enhancing experiences as chosen by our young people in Chesterfield.

Trust and Learn to Take Control: Provision of staff and resources for our photography sessions.

RMBC Mental Health: External grounds improvement in Rotherham

ACTION HOUSING & SUPPORT LIMITED (BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

Prior year reserves

| | BF 01.04.17 | Income | Expenditure | Transfers | Gains | CF 31.03.18 |
|--------------------------------------|--------------------|------------------|--------------------|------------------|------------------|--------------------|
| | £ | £ | £ | £ | £ | £ |
| Unrestricted reserves | | | | | | |
| General reserves | 3,104,075 | 5,271,000 | (5,148,469) | - | - | 3,226,606 |
| Pension reserves | (5,688,000) | - | (220,000) | - | 1,051,000 | (4,857,000) |
| | (2,583,925) | 5,271,000 | (5,368,469) | - | 1,051,000 | (1,630,394) |
| Restricted reserves | | | | | | |
| Action for Street Kids | 12,666 | 7,000 | (11,125) | - | - | 8,541 |
| South Yorkshire Offender Partnership | 7,831 | - | (68) | - | - | 7,313 |
| RMBC Mental Health | 2,810 | - | (2,810) | - | - | - |
| Homes England | 163,897 | 186,303 | (86,579) | - | - | 263,621 |
| RMBC Section 106 | - | 1,137 | (1,137) | - | - | - |
| Land Aid | - | 617 | (617) | - | - | - |
| Derby City | - | 1,030 | (1,030) | - | - | - |
| Derbyshire Domestic Abuse | - | 25,000 | (8,427) | - | - | 16,573 |
| Foundation Derbyshire | - | 2,000 | (660) | - | - | 1,340 |
| Trust and Learn to Take Control | - | 825 | (1,287) | - | - | (462) |
| | 186,754 | 223,912 | (113,740) | - | - | 296,926 |
| Total reserves | (2,397,171) | 5,494,912 | (5,482,209) | - | 1,051,000 | (1,333,468) |

17 Reconciliation of operating (deficit)/surplus to cash flow from operating activities

| | 2019 £ | 2018 £ |
|--|------------------|----------------|
| (Deficit)/surplus for the year | (243,084) | 12,703 |
| Interest received | (1,534) | (761) |
| Depreciation and impairment of tangible fixed assets | 280,230 | 255,529 |
| Loss on disposal | 931 | - |
| Grants released | (52,856) | (30,813) |
| Increase in debtors | (68,780) | (107,745) |
| (Decrease)/Increase in creditors | (42,390) | 94,537 |
| Difference between pension charge and cash contributions | 163,000 | 220,000 |
| Net cash flow from operating activities | 35,517 | 443,450 |

18 Pensions and other post-retirement benefits**Defined benefit pension plans**

Certain employees of Action Housing and Support Limited participate in the South Yorkshire Pension Fund, a defined benefit, funded statutory scheme administered by the South Yorkshire Pensions Authority in accordance with the Local Government Pension Scheme Regulations 1995. An actuarial valuation of this fund was carried out in accordance with the Regulations as at 31 March 2019.

The pension cost is assessed every three years in accordance with the advice of a qualified independent actuary. The assumptions and other data that have the most significant effect on the determination of the contributions are as follows:

The end of year figures for the market value of the assets and split of the assets between investment categories have been calculated as at 31 March 2019. The corresponding figures for the start of the year have been calculated as at 31 March 2018. The major assumptions used by the actuary were:

| | |
|---|----------------|
| Latest full actuarial valuation | 31 March 2016 |
| Market value of assets at date of the last full valuation | £6,268 million |

| | 2019 | 2018 |
|------------------------------|-------|-------|
| Rate of inflation | 2.2% | 2.10% |
| Rate of increase in salaries | 3.45% | 3.35% |
| Rate of increase in pensions | 2.3% | 2.20% |
| Discount rate | 2.5% | 2.70% |

18 Pensions and other post-retirement benefits (continued)**Expected rate of return on assets:**

| | 2019 Expected rate of return | 2019 Value of assets £000 | 2019 Split of assets | 2018 Expected rate of return | 2018 Value of assets £000 | 2018 Split of assets |
|-------------------------------------|---|--|-------------------------------------|---|--|-------------------------------------|
| Equities | 6.5% | 6,399 | 50.8% | 6.5% | 6,630 | 55.9% |
| Government bonds | 2.2% | 1,978 | 15.7% | 2.2% | 1,648 | 13.9% |
| Other bonds | 2.9% | 932 | 7.4% | 2.9% | 878 | 7.4% |
| Property | 5.9% | 1,222 | 9.7% | 5.9% | 1,079 | 9.1% |
| Cash/liquid | 0.5% | 416 | 3.3% | 0.5% | 569 | 4.8% |
| Other | 6.5% | 1,650 | 13.1% | 6.5% | 1,055 | 8.9% |
| Total market value of assets | | 12,597 | | | 11,859 | |
| Present value of scheme liabilities | | (18,525) | | | (16,716) | |
| Deficit in the scheme | | (5,928) | | | (4,857) | |

The current mortality assumptions include sufficient allowance for future improvement in mortality rates. The assumed life expectations on retirement aged 65 are:

| | 2019 | 2018 |
|--|-------------|-------------|
| Retiring today/current pensioners | | |
| Males | 23.1 | 23.0 |
| Females | 25.9 | 25.8 |
| Retiring in 20 years/future pensioners | | |
| Males | 25.3 | 25.2 |
| Females | 28.3 | 28.1 |

Balance sheet items as at 31 March:

| | 2019 £000 | 2018 £000 |
|---|----------------------|----------------------|
| Present value of funded benefit obligations | (18,544) | (16,697) |
| Present value of unfunded benefit obligations | (19) | (19) |
| | (18,525) | (16,716) |
| Fair value of plan assets | 12,597 | 11,859 |
| Deficit in the scheme | (5,928) | (4,857) |

18 Pensions and other post-retirement benefits (continued)**Components of pension costs for the period:**

| | 2019 £'000 | 2018 £'000 |
|--------------------------------------|-----------------------|-----------------------|
| Deficit in scheme at 1 April | (4,857) | (5,688) |
| Current service cost | (286) | (324) |
| Employer contributions | 256 | 254 |
| Effect of curtailment or settlements | - | - |
| Past service cost (gain) | - | - |
| | (30) | (70) |
| Interest on pension liabilities | (450) | (441) |
| Expected return on assets | 321 | 295 |
| Admin cost | (4) | (4) |
| | (133) | (150) |

Amounts recognised in the statement of total recognised gains and losses:

| | 2019 £'000 | 2018 £'000 |
|-------------------------------|-----------------------|-----------------------|
| Actuarial (losses)/gains | (908) | 1,051 |
| Deficit in scheme at 31 March | (5,928) | (4,857) |

Change in benefit obligation during period to 31 March:

| | Unfunded benefits 2019 £'000 | All benefits 2019 £'000 | All benefits 2018 £'000 |
|---|---|--|--|
| Benefit obligation at 1 April | 19 | 16,716 | 17,001 |
| Current service cost | - | 286 | 324 |
| Interest on pension liability | - | 450 | 441 |
| Member contributions | - | 61 | 66 |
| Past service cost (gain) | - | - | - |
| Curtailments | - | - | - |
| Actuarial losses/(gains) on liabilities | 1 | 1,286 | (872) |
| Benefits/transfers paid | (1) | (274) | (244) |
| | 19 | 18,525 | 16,716 |

ACTION HOUSING & SUPPORT LIMITED (BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

18 Pensions and other post-retirement benefits (continued)

Change in plan assets during period:

| | Unfunded benefits 2019 £'000 | All benefits 2019 £'000 | All benefits 2018 £'000 |
|--|---|--|--|
| Fair value of assets plan at 1 April | - | 11,859 | 11,313 |
| Expected return of plan assets | - | 321 | 295 |
| Actuarial (gains)/losses on assets | - | 378 | 179 |
| Administration expenses | - | (4) | (4) |
| Employer contributions | 1 | 256 | 255 |
| Member contributions | - | 61 | 66 |
| Benefits/transfers paid | (1) | (274) | (245) |
| Fair value of plan assets at end of period | - | 12,597 | 11,859 |
| Actual return on plan assets | - | 699 | 474 |
| Experience gains on assets | - | 378 | 179 |
| Experience (losses)/gains on liabilities | - | (1,286) | 872 |

The pension cost for the year was £251,742 (2018 - £214,542) excluding the adjustments required per FRS 102. The balance sheet includes £5,928,000 (2018 - £4,857,000) in respect of accrued pension costs.

19 Capital funding and commitments

| | 2019 £ | 2018 £ |
|--|-------------------|-------------------|
| Capital expenditure that has been contracted for but has not been provided for in the financial statements | - | 88,415 |

20 Related party transactions

Mrs E Smith of Buckley Smith Ltd resigned from the interim role of Chief Executive at the end of July 2018. Following the appointment of the new Chief Executive and loss of significant other key senior personnel, Buckley Smith Ltd was engaged on a project by project basis to ensure continuity of corporate memory and to boost senior staff level capacity during a period of significant change. Fees for this latter role totalled £19,108. At the year end, the balance owed to E Smith was £Nil (2018: £Nil).