

Company Registration No. 06211760 (England and Wales)

**Pivotal Housing Association**

**Report and Financial Statements  
for the Year ended 31 March 2019**

Charity No: 1121914  
RSH registration No: 4747

## **Pivotal Housing Association**

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## Pivotal Housing Association

### Legal and administrative information

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<b>Company number</b>	06211760
<b>Charity number</b>	1121914
<b>RSH number</b>	4747
<b>Directors</b>	C Dixon P Levaggi G Visser D Streek (Appointed 18 June 2019) (Chair)
<b>Secretary</b>	P Longland
<b>Director of Housing</b>	Kristina Hall
<b>Registered office</b>	Everdene House Deansleigh Road Bournemouth Dorset BH7 7DU
<b>Auditor</b>	Inspire Audit Ltd 37 Commercial Road Poole Dorset BH14 0HU
<b>Bankers</b>	National Westminster Bank PLC The Square 5 Old Christchurch Road Bournemouth BH1 1DU
<b>Solicitors</b>	Frettens Solicitors The Saxon Centre 11 Bargates Christchurch BH23 1PZ

**Report of the Trustees**  
**For the year ended 31 March 2019**

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The Trustees submit their annual report and the financial statements for the year ended 31 March 2019. The Trustees have adopted the provisions of the Statement of Recommended Practice (SORP) "Private registered provider of social housing" in preparing the annual financial statements of the charity.

The charity was registered on 13 April 2007. Pivotal's purpose is to 'Do more good, for more people'. They are at the forefront of providing creative supported housing, supporting vulnerable people with accommodation appropriate to their needs. A new strategy was produced early March 2019 which replaced the existing strategy and business plan. This follows a period of significant change for Pivotal with a new CEO and new Directors of Finance, People and Operations. This strategy aims to create a structure which allows Pivotal Housing Group to develop and grow services with a focus on value for money and sustainability. It is a 2 year strategy which focuses on reviewing where we are, setting out where we want to be and creating the right staffing, skills and partnerships to help us achieve our strategic aims.

**Our Purpose** - Doing more good for more people.

**Our Mission** - To provide sustainable homes, specialised support and compassionate care.

**Our Values** - Passionate, caring and creative.

The Pivotal Housing Group is proud to provide quality housing, specialist support and compassionate care to over 400 single vulnerable people with a variety of needs. We work closely with local authorities and health service commissioners across a number of locations including Dorset, Cornwall and Gloucester.

**Structure, governance and management**

The registered provider is constituted as a company limited by guarantee and is therefore governed by a memorandum and articles of association. Eligibility for membership of the registered provider, and membership of the board of trustees is governed by the memorandum and articles of association. There are no restrictions in the governing document on the operation of the registered provider or on its investment powers, other than those imposed by general registered provider law. A specialist housing consultant has been engaged to work with the Trustees on a full review of all governance processes, documents and procedures during 2019/20.

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

C Dixon	
P Levaggi	
G Visser	
D Streek	(Appointed 18 June 2019) (Chair)
C Robson	(Resigned 25 March 2019)
K Hall	(Resigned 3 June 2019)



**Report of the Trustees (continued)**  
**For the year ended 31 March 2019**

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The Governance and Financial Viability standard states that 'Registered Providers shall ensure effective governance arrangements that deliver their aims, objectives and intended outcomes for tenants and potential tenants in an effective, transparent and accountable manner. Governance arrangements shall ensure registered providers:

- (a) adhere to all relevant law;
- (b) comply with their governing documents and all regulatory requirements;
- (c) are accountable to tenants, the regulator and relevant stakeholders;
- (d) safeguard taxpayers' interests and reputation of the sector;
- (e) have an effective risk management and internal controls assurance framework;
- (f) protect social housing assets

Pivotal Housing Association seeks to appoint trustees who have the relevant knowledge and skills required to be an effective member of the Board.

This includes those who have experience working in finance, administration, law and housing. All of our trustees are aware of the standards set out by the RSH and the role they play in ensuring compliance. The registered provider's Board of Trustees are mostly volunteer members who have overall control and responsibility for policy and major decision making. In addition, there is a Director of Housing who is responsible for making corporate decisions, managing the overall operations and resources of the registered provider, and acting as the main point of communication between the Board of Trustees and corporate operations. This role is currently being reviewed as part of our governance review.

The Board is responsible for a system of internal control and for reviewing its effectiveness. It is recognised that such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable assurance against material misstatement or loss.

Registered provider Law and the Companies Acts require the Board to prepare financial statements for each financial year which gives a true and fair view of the state of affairs of the registered provider as at the end of the financial year and of the surplus or deficit of the registered provider. In preparing those financial statements the Board is required to:

- i select suitable accounting policies and then apply them consistently;
- ii make judgements and estimates that are reasonable and prudent;
- iii prepare the financial statements on the going concern basis unless it is inappropriate to presume that the registered provider will continue in business; and
- iv state whether applicable accounting standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements.

**Report of the Trustees (continued)**  
**For the year ended 31 March 2019**

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The Trustees are also responsible for maintaining proper accounting records which discloses, with reasonable accuracy, at any time the financial position of the registered provider and which are sufficient to show and explain the registered provider's transactions and 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 2015. They are also responsible for safeguarding the assets of the registered provider and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the contents of the Trustees Report, and the responsibility of the auditors in relation to the Trustees Report is limited to examining the report and ensuring that, on the face of the report, there are no inconsistencies with the figures disclosed in the financial statements.

**Governance**

The Board has adopted the principles of the National Housing Federation's 2015 Code of Governance.

**Risk management**

The registered provider is satisfied that systems are in place to mitigate their exposure to the major risks which have been identified and reviewed. A set of report KPI's and financial reports are provided to Trustees at Board meetings which identify any risks to the business. A full risk framework will be produced as part of the new governance process in 2019.

**Overall Control Procedures**

The board is responsible for a broad range of areas that include financial, strategic and compliance. Policies and procedures help the board manage such a control environment and include health and safety, employment, operational, fraud prevention and detection and accounting.

**Value for Money**

Pivotal Housing Association's mission statement, vision, values and purposes are underpinned by Value for Money (VfM). Our VfM policy links what we spend and how we deploy our staff and resources directly with the mission and the services we deliver, our performance achievements and customer satisfaction.

VfM is about achieving the right balance between the three 'E's' - Economy, Efficiency and Effectiveness. Essentially this requires us to assess the impact of all of our costs to best meet our stakeholder's needs. This means spending efficiently.

Economy is the price paid for what goes into providing services.

Efficiency is a measure of productivity or how much is gained from what is put in.

Effectiveness is a measure of the impact achieved and can be both qualitative and quantitative.

**Report of the Trustees (continued)**  
**For the year ended 31 March 2019**

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VfM is high when there is an optimum balance between all three 'E's'; relatively low costs, high productivity and successful outcomes.

Pivotal Housing Association has established a formal VfM strategy as part of the new governance structure. This takes into account tenant needs and expectations and takes into account the operating environment, risk management and regulatory requirements. A register of VfM initiatives will be updated on a quarterly basis and presented and discussed at managers meetings and highlights will be included in the management accounts.

A VfM self-assessment will be undertaken to compare progress against objectives and previous performance.

The following strategic objectives will help Pivotal to focus on VfM within the business and will, in turn, support us in achieving our vision in an efficient, economic and effective manner:

**Promotion** - embedding of VfM principles within the culture of the organisation. The Housing Association has become part of a group structure from April 2019.

**People** - encouraging economic awareness amongst staff and VfM principles within all business operations. A staff restructure was implemented in March 2019 involving consultations with all staff. This has reduced overheads by £81,000 per annum.

**Procurement** - creation, maintenance and promotion of economic, efficient and effective purchasing principles and continuous review of contracts and services. VfM has included reviewing repairs and maintenance and other expenditure and a report presented to the board that demonstrates the realisation of savings across the estate. Plans are being made to realise further savings on an ongoing basis.

**Minimising waste** - from our business operations and review VfM in each department.

**Improvements** - in the stocks and conditions through seeking improvement opportunities. A full asset management review is planned for 2020 to provide for a 25 year asset improvement plan.

**Green** - provision of energy savings, water conservation and waste minimisation advice to our employees and customers.

In accordance with the Regulator of Social Housing 2018 value for money standard, the chart on the following page outlines the national median for each Sector Scorecard measure with commentary explaining each metric.

Report of the Trustees (continued)  
For the year ended 31 March 2019

<b>Metric No.</b>	<b>Metric Name</b>	<b>What does this tell us?</b>	<b>Pivotal Result 2018/19</b>	<b>Housemark Median (2018 Sector Scorecard Analysis)</b>
<b>Metric 1</b>	<b>Reinvestment %</b>	This metric looks at the investment in properties (existing stock as well as new supply) as a percentage of the value of total properties owned.	We are unable to report on this as our stock is all held under operating leases - we do not own the assets.	3.3
<b>Metric 2</b>	<b>New supply delivered %</b>	The new supply metric sets out the number of new social housing and non-social housing units that have been acquired or developed in the year as a proportion of total social housing units and non-social housing units owned at period end.	30.8%	1.2%
<b>Metric 3</b>	<b>Gearing %</b>	This metric assesses how much of the adjusted assets are made up of debt and the degree of dependence on debt finance. It is often a key indicator of a registered provider's appetite for growth.	We are unable to report on this as our stock is all held under operating leases - we do not own the assets.	14.5%
<b>Metric 4</b>	<b>Earnings Before Interest, Tax, Depreciation, Amortisation, Major Repairs Included (EBITDA MRI) Interest Cover %</b>	The EBITDA MRI interest cover measure is a key indicator for liquidity and investment capacity. It seeks to measure the level of surplus that a registered provider generates compared to interest payable; the measure avoids any distortions stemming from the depreciation charge.	3,348%	238%

Report of the Trustees (continued)  
For the year ended 31 March 2019

<b>Metric No.</b>	<b>Metric Name</b>	<b>What does this tell us?</b>	<b>Pivotal Result 2018/19</b>	<b>Housemark Median (2018 Sector Scorecard Analysis)</b>
<b>Metric 5</b>	<b>Headline social housing cost per unit</b>	The unit cost metric assesses the headline social housing cost per unit as defined by the regulator. The cost measures set out in the metric are unchanged from the metric used in the regulator's 2016 publication Delivering better value for money (6) However, the denominator has been changed from units managed to units owned and/or managed.	£11,990	£5,940
<b>Metric 6a</b>	<b>Operating Margin (Lettings Only)%</b>	The Operating Margin demonstrates the profitability of operating assets before exceptional expenses are taken into account. Increasing margins are one way to improve the financial efficiency of a business. In assessing this ratio, it is important that consideration is given to registered providers' purpose and objectives (including their social objectives). Further consideration should also be given to specialist providers who tend to have lower margins than average.	0.9%	20.4%
<b>Metric 6b</b>	<b>Operating Margin (Overall) %</b>	As above, but includes all income. i.e. Bed Space Contributions	0.7%	15.4%
<b>Metric 7</b>	<b>Return on capital employed (ROCE) %</b>	This metric compares the operating surplus to total assets less current liabilities and is a common measure in the commercial sector to assess the efficient investment of capital resources. The ROCE metric would support registered providers with a wide range of capital investment programmes.	15.0%	42%

**Report of the Trustees (continued)**  
**For the year ended 31 March 2019**

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**Objectives and activities**

The registered provider has secured high quality rented hostels and licenced houses of multiple occupation to provide accommodation for approximately 400 vulnerable adults. Leases have been extended to 20 years to provide the registered provider with some longer term security on these properties. The registered provider continues to maintain these properties to a high standard, and where appropriate, provide sleepover cover for the tenants.

Vulnerable adults have been provided with high quality and secure accommodation during the period. Through associated support contracts, probation and adult social care projects these adults have been given full support to return to independent living within the community. No rental deposits or rentals in advance are taken from the residents. The associated support and care is delivered by a different company and not the Housing Association.

**Achievements and performance**

Budget plans are produced for those tenants who are finding money management difficult, and we access support aids and funds to help them manage their money better. Smart meters have been installed and tenants are able to monitor the usage of utilities.

The Trustees and management team have set targets for 85% occupancy for 2018/19 and the Trustees are pleased to report that Pivotal Housing Association achieved an actual occupancy rate of 94%. Moving forward, the target to achieve for occupancies is 93% in 2019/20.

**Report of the Trustees (continued)**  
**For the year ended 31 March 2019**

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**Financial review**

There was a surplus for the year of £43,785. This includes an estimated accrual of £147,000 for rent paid by the Housing Association for properties in development and reimbursed by the property development company.

The Housing Association has grown by 23 properties during 2018/19 creating a portfolio of 61 properties (2018: 38 properties). This and our future strategy will see the Housing Association increase the level of surplus to enable it to invest in resident involvement.

The Governance and Financial Viability standard issued by the RSH states that 'Registered Providers shall manage their resources effectively to ensure their viability is maintained while ensuring that social housing assets are not put under risk'. The framework further stipulates the following specific requirements that Registered Providers must ensure:

- (a) there is access to sufficient liquidity at all times;
- (b) financial forecasts are based on appropriate and reasonable assumptions;
- (c) the financial and other implications of risks to the delivery of plans are considered;
- (d) effective systems are in place to monitor and accurately report delivery of the registered provider's plans, the financial and other implications of risks to the delivery of plans are considered;
- (e) registered providers monitor, report on and comply with their funders' covenants.

To ensure compliance with the standard, Pivotal Housing Association updates its cash flow forecasts, budgets and outturn forecasts on a monthly and quarterly basis and these are communicated with the Senior Management and the Board. Also in place is a risk register which is updated biennially and any risks, as mentioned above, are identified and steps are taken to reduce and mitigate where possible;

- (a) there is access to sufficient liquidity at all times;
- (b) financial forecasts are based on appropriate and reasonable assumptions;
- (c) the financial and other implications of risks to the delivery of plans are considered;
- (d) effective systems are in place to monitor and accurately report delivery of the registered provider's plans. The financial and other implications of risks to the delivery of plans are considered.



**Pivotal Housing Association**

**Report of the Trustees (continued)  
For the year ended 31 March 2019**

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**Plans for future periods**

1. Develop further the legal arrangements between group entities to maximise benefits for the group.
2. To create services which provide for the longer term tenancies for groups such as autism, hospital discharges and groups repatriated from institutional care. To provide longer term secure income.
3. To operate a range of short term and long term leased accommodation to give the Housing Association more flexibility and reduction in risk.
4. To introduce a new Housing Management system to provide key management information reports and implement lean working processes to remove duplication across services to "do everything once and well".

All of our properties now have the latest CCTV which can be viewed on mobile devices. We have increased the availability of the security/concierge service and this continues to be further enhanced by way of having dedicated call management, maintenance and advice to both tenants and staff.

We manage voids to ensure that our occupancy levels remain high and our dedicated housing management facilitators have responsibility for each location.

We continue to look at ways in which we can support tenants in their migration from tenancies with us to independent living within the community. We appointed a Head of New Business in 2018/19 whose key focus is raising funds and working alongside the vulnerable people to find out what help would benefit them the most and work to implement this requested support. This will help to increase the proportion of our tenants enjoying successful outcomes and in doing so reducing the revolving door conundrum they often experience.

**Statement of disclosure of information to auditors**

We, the directors of the 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:


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

**Auditors**

A resolution proposing that Inspire Audit Ltd be re-appointed as auditors of the registered provider will be put to the Annual General Meeting.

The report was approved by the Board on

20/12/2019

  
Mr D Streek  
Chairman



**Independent Auditors Report**

**Report to the Trustees on the preparation of the audited statutory accounts of Pivotal Housing Association**

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**Opinion**

We have audited the financial statements of Pivotal Housing Association (the 'association') for the year ended 31 March 2019 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including the summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standards applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice) and the Regulation of Social Housing Accounting Direction 2015.

In our opinion the financial statements:

- i 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 ended;
- ii have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practices; and
- iii have been prepared in accordance with the requirements of the Companies Act 2006.

**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 Standards, 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:

- i The board's use of the going concern basis of accounting in the preparation of financial statements is not appropriate; or
- ii The board have 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.

**Opinions on other matters prescribed by the Companies Act 2006**

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

- i the information given in the trustees report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

**Independent Auditors Report (continued)**

**Report to the Trustees on the preparation of the audited statutory accounts of Pivotal Housing Association**

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- ii The trustees report and the auditors' report have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

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

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

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

**Responsibilities of the board**

As explained more fully in the board's responsibilities statement, the board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal controls 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 directors either intend to liquidate the association or to cease operations, or have no realistic alternative but to do so.

**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 the auditor's report thereon. Our opinion on the financial statement 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

**Independent Auditors Report (continued)**

**Report to the Trustees on the preparation of the audited statutory accounts of Pivotal Housing Association**

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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.

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://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. 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 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.



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**Mr Andrew John Singleton FCCA**  
**For and on behalf of Inspire Audit Ltd**

**Statutory Auditor**  
37 Commercial Road  
Poole  
Dorset  
BH14 0HU

Date:

23/12/19

**Statement of Comprehensive Income (including summary income and expenditure accounts)**  
**For the year ended 31 March 2019**

	Notes	Unrestricted Funds £	Restricted Funds £	Total 2019 £	Total 2018 £
<b>Income Resources</b>					
Income resources from generated funds:					
Management fee received		60,620	-	60,620	-
Income resources from charitable activities:					
Letting of non investment property		5,520,112	-	5,520,112	3,302,841
Contribution to refurbishment		-	-	-	-
Training and management fee		40,129	-	40,129	6,553
<b>Training income resources</b>		<b>5,620,861</b>	<b>-</b>	<b>5,620,861</b>	<b>3,309,394</b>
<b>Resources expended</b>					
Charitable activities		2,786,410	-	2,786,410	2,055,118
Support costs		2,218,246	-	2,218,246	702,294
Governance costs		572,400	-	572,400	428,971
Donations made		20	-	20	194
		<b>5,577,076</b>	<b>-</b>	<b>5,577,076</b>	<b>3,186,577</b>
<b>Total resources expended</b>	<b>2</b>	<b>5,577,076</b>	<b>-</b>	<b>5,577,076</b>	<b>3,186,577</b>
<b>Net movement in funds</b>					
Fund balance brought forward at 1 April 2018		43,785	-	43,785	122,817
		<b>244,478</b>	<b>-</b>	<b>244,478</b>	<b>121,661</b>
Fund balance brought forward at 31 March 2019		<b>288,263</b>	<b>-</b>	<b>288,263</b>	<b>244,478</b>

All of the above results are derived from continuing activities.

All gains and losses recognised in the year are included above.

**Pivotal Housing Association**

**Summary income and expenditure account**  
**For the year ended 31 March 2019**

	Notes	2019 £	2018 £
<b>Income</b>			
Activities in furtherance of the registered provider's objects		5,620,861	3,309,394
		<u>5,620,861</u>	<u>3,309,394</u>
<b>Charitable expenditure</b>			
Costs of activities in furtherance of the registered provider's objects		2,786,410	2,055,118
Support costs		2,218,246	702,294
Management and administration costs		572,400	428,971
Donations made		20	194
		<u>5,577,076</u>	<u>3,186,577</u>
<b>Operating surplus for the year</b>		<u>43,785</u>	<u>122,817</u>
<b>Surplus for the year</b>		<u>43,785</u>	<u>122,817</u>
		2019 £	2018 £
Surplus for the period		43,785	122,817
Unrealised gain on investment		-	-
<b>Total gains recognised since 31 March 2019</b>		<u>43,785</u>	<u>122,817</u>
All activities relate to continuing operations.			


Pivotal Housing Association

Statement of Financial Position  
As at 31 March 2019

	Notes	2019 £	2018 £
<b>Fixed assets</b>			
Intangible assets	5	34,215	-
Tangible assets	6	<u>204,690</u>	<u>130,332</u>
		238,905	130,332
<b>Current assets</b>			
Debtors	7	1,454,861	413,965
Bank and cash		<u>99,670</u>	<u>41,394</u>
		1,554,531	455,359
<b>Total assets</b>		1,793,436	585,691
<b>Creditors: amounts falling due within one year</b>	8	<u>(1,505,173)</u>	<u>(296,531)</u>
<b>Total assets less current liabilities</b>		288,263	289,160
<b>Creditors: Amounts falling due after more than one year</b>	9	<u>-</u>	<u>(44,683)</u>
<b>Total assets less current liabilities</b>	11	<u>288,263</u>	<u>244,478</u>
<b>Funds:</b>			
<b>Unrestricted funds</b>			
General funds		288,263	244,478
<b>Total funds</b>	10	<u>288,263</u>	<u>244,478</u>

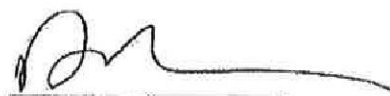
The accounts have been prepared and delivered in accordance with the special provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue and are signed on its behalf by:

  
Mr D Streek  
Chair

Date :

20/12/19

  
Mr P Levaggi  
Trustee

Date :

20/12/19

Company Registration No. 06211760

The notes on pages 23 to 33 form part of these financial statements.

**Pivotal Housing Association**

**Statement of Cash Flows**  
**For the year ended 31 March 2019**

	Notes	2019 £	2018 £
<b>Net cash flows from operating activities:</b>			
Net cash flows from operating activities	14	251,525	33,052
<b>Cash flows from investing activities:</b>			
Purchases of intangible fixed assets	5	(39,392)	-
Purchases of tangible fixed assets	6	(153,857)	(81,926)
<b>Change in cash and cash equivalents in the reporting period</b>		58,276	(48,874)
<b>Cash and cash equivalents at the beginning of the period</b>		41,394	90,268
<b>Cash and cash equivalents at the end of the period</b>		<u>99,670</u>	<u>41,394</u>

**Notes forming part of the financial statements  
For the year ended 31 March 2019**

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**1) Accounting policies**

**1.1) Basis of preparation**

The financial statements have been prepared under the historical cost convention. The financial statements have been prepared in accordance with Accounting and Reporting by Registered Social Housing Providers: Statement of Recommended Practice applicable to registered social housing providers preparing their accounts in accordance with Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) - Housing SORP 2014 (FRS 102), Accounting Direction for Private Registered Providers of Social Housing 2015, Companies Act 2006 and Accounting Determination.

The company has adapted the Companies Act formats to reflect the special nature of the registered provider's activities.

**1.2) Company status**

The registered provider is a company limited by guarantee. The members of the company are the trustees named on page 2. In the event of the registered provider being wound up, the liability in respect of the guarantee is limited to £1 per member of the registered provider.

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

**1.3) Fund accounting**

General funds are unrestricted funds which are available for use at the discretion of the trustees in furtherance of the general objectives of the registered provider and which have not been designated for other purposes.

**1.4) Incoming resources**

All incoming resources are included in the SOCI when the registered provider is legally entitled to the income and the amount can be quantified with reasonable accuracy. For legacies, entitlement is the earlier of the registered provider being notified of an impending distribution or the legacy being received.

Gifts in kind donated for distribution are included at valuation and recognised as income when they are distributed to the projects. Gifts donated for resale are included as income when they are sold. Donated facilities are included at the value to the registered provider where this can be quantified and a third party is bearing the cost. No amounts are included in the financial statements for services donated by volunteers.

The expected income per property is recorded as income with voids being brought in to account for the opportunity costs lost on the properties not occupied.

**1.5) Resources expended**

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with use of the resources. Premises overheads have been allocated on a floor area basis and other overheads have been allocated on the basis of the head count.



**Notes forming part of the financial statements (continued)**  
**For the year ended 31 March 2019**

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**1) Accounting policies (continued)**

**1.6) Intangible assets other than goodwill**

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost or value of the asset can be measured reliably.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	20% straight line basis
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**1.7) Tangible fixed assets and depreciation**

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation has been provided at the following rates in order to write off the assets over their estimated useful lives:

Plant and machinery	20% reducing balance method
Office equipment	20% reducing balance method
Fixtures and fittings	20% reducing balance method
Property set-up costs	99.99% straight line when the property is occupied

**1.8) Impairment of fixed assets**

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Notes forming part of the financial statements (continued)  
For the year ended 31 March 2019

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**1) Accounting policies (continued)**

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

**1.9) Leases**

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

**1.10) Cash at bank and in hand**

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

**1.11) Financial instruments**

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Notes forming part of the financial statements (continued)  
For the year ended 31 March 2019

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**1) Accounting policies (continued)**

**Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

**Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

**Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the assets expire or are settled, or when the company transfers the financial assets and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that sell the assets in its entirety to an unrelated third party.

**Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Notes forming part of the financial statements (continued)  
For the year ended 31 March 2019

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**1) Accounting policies (continued)**

**Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

**Derecognition of financial liabilities**

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

**1.12) Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets. The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received. Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

**1.13) Retirement benefit**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

**1.14) Going concern**

The financial statements have been prepared on a going concern basis as the Trustees believe that no material uncertainties exist. The Trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient with the level of reserves for the capacity to be able to continue as a going concern.

**1.15) Bad debt policy**

Currently a provision for bad debt is not provided, but will be introduced for the financial year 2019/20.

Notes forming part of the financial statements (continued)  
For the year ended 31 March 2019

2) Total resources expended

	Other staff costs £	Other direct costs £	Total 2019 £	Total 2018 £
Drug screening costs	-	-	-	1,242
Cost of property letting	-	2,786,410	2,786,410	2,055,118
Support costs	1,032,615	1,185,631	2,218,246	701,052
Management and administration	-	572,400	572,400	428,971
Donations made	-	20	20	194
Total resources expended	1,032,615	4,544,461	5,577,076	3,186,577

	Total 2019 £	Total 2018 £
Rents receivable net of identifiable service charges	4,392,477	3,009,436
Service charge income	94,980	83,958
Revenue, capital grants, contract and other income	1,133,404	216,000
Total income from lettings	5,620,861	3,309,394
Social housing activities expenditure	5,577,076	3,186,577
	43,785	122,817

Rent losses from voids	354	33
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	2019 £	2018 £
Operating lease rentals:		
Land and buildings	2,601,417	1,361,864
Auditors remuneration:		
Audit fee	9,000	8,000
Accountancy and other services	1,000	1,000
Depreciation	79,499	42,119

3) Directors' remuneration

	2019 £	2018 £
The aggregate remuneration paid to or receivable by directors including pensions of £784 in 2019 (2018: £336)	59,117	25,336
The remuneration paid to the highest paid director excluding pension contributions	58,333	25,000

In addition, Employers' National Insurance payable in relation to the above is £6,583 (2018: £2,700)

Notes forming part of the financial statements (continued)  
For the year ended 31 March 2019

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**4) Related party transactions**

The Charity had the following related party transactions and balances during the year:

**Pivotal Support Group Limited**

The charity has paid £21,480 (2018: £121,096) for office associated costs and consultancy and £8,310 for salaries for J Maylon (2018: £33,240).

Included in trade debtors are £7,685 (2018: £15,857), of which £nil (2018: £4,430) relates to services provided by J Maylon, a director of Pivotal Support Group Limited.

Included in trade creditors are £6,380 (2018: £8,100).

Included in other debtors are £nil (2018: £3,523) relating to services provided by J Maylon.

**D Dixon**

The Charity has paid office rentals during the period for office premises occupied by the charity as follows:

£nil (2018: £47,817) rentals payable for properties owned or partly owned by D Dixon who is a director and shareholder of Charles Terence Estates Limited.

Rentals payable are considered to be at market value.

Included in other creditors are £711 (2018: £711) due to CT2 Developments Ltd. D Dixon is a director and shareholder of CT2 Developments.

**Charles Terence Estates Limited**

The Charity has paid rentals during the period for hostels occupied by the charity as follows:

£43,729 (2018: £324,711) rentals payable to Charles Terence Estates Limited.

Rentals payable are considered to be at market value.

Included in trade creditors are £909,119, in respect of funding for the undertaking of development enhancement works in properties sold to Civitas in the prior year. (2018: £112,084).

Included in other debtors are £nil (2018: £22,765).

D Dixon is a director and shareholder of Charles Terence Estates Limited.

**Pivotal Care Group Limited**

Included in trade debtors are £301 (2018: £3,639). Included in other debtors £4,043 (2018: nil)

Included in trade creditors £nil (2018: £nil)

**Pivotal Homes Group Limited**

Included in trade debtors are £54,613 (2018: £50,781). Included in trade creditors are £nil (2018: £nil)

Included in other creditors are £133,001 (2018: £nil).

Included in loans are £100,000 (2018: £nil).

**Pivotal Professional Services Limited**

Included in trade debtors are £nil (2018: £7,462). Included in trade creditors are £4,937 (2018: £nil)

Included in other debtors are £20,953, (2018: £nil)

**Pivotal Developments Services Limited**

Included in other debtors are £2,538 (2018: £nil)

Notes forming part of the financial statements (continued)  
For the year ended 31 March 2019

5) Intangible fixed assets

	Total £
<b>Cost</b>	
At 1 April 2018	-
Additions	39,392
As at 31 March 2019	<u>39,392</u>
<b>Depreciation</b>	
At 1 April 2018	-
Charge for the year	5,177
As at 31 March 2019	<u>5,177</u>
<b>Net book value</b>	
At 1 April 2018	-
As at 31 March 2019	<u><u>34,215</u></u>

6) Tangible fixed assets

	Total £
<b>Cost</b>	
At 1 April 2018	267,196
Additions	153,857
As at 31 March 2019	<u>421,053</u>
<b>Depreciation</b>	
At 1 April 2018	136,864
Charge for the year	79,499
As at 31 March 2019	<u>216,363</u>
<b>Net book value</b>	
At 1 April 2018	130,332
As at 31 March 2019	<u><u>204,690</u></u>

Notes forming part of the financial statements (continued)  
For the year ended 31 March 2019

7) Debtors

	2019 £	2018 £
Trade debtors	103,396	209,627
Other debtors	947,055	54,627
Prepayments and other accrued income	404,410	149,711
	<u>1,454,861</u>	<u>413,965</u>

8) Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	143,918	156,041
Other taxes and social security	24,581	10,465
Loans	100,000	-
Other creditors	1,236,674	130,025
	<u>1,505,173</u>	<u>296,531</u>

In the financial year Pivotal Housing Group entered into a loan facility agreement for £450,000 with Pivotal Homes Group. At the end of March 2019 £100,000 had been drawn down. There is no commitment to further draw down the balance of £350,000.

9) Creditors: amounts falling due after more than one year

	2019 £	2018 £
Other creditors	-	44,683
	<u>-</u>	<u>44,683</u>

10) Statement of funds

	2018 £	Income £	Expenditure £	2019 £
General reserves	244,478	5,620,861	(5,577,076)	288,263
	<u>244,478</u>	<u>5,620,861</u>	<u>(5,577,076)</u>	<u>288,263</u>

The General reserves represents free funds of the registered provider which are not designated for particular purposes.



Notes forming part of the financial statements (continued)  
For the year ended 31 March 2019

11) Analysis of net assets between funds

	General funds £	Total £
Fund balances as at 31 March 2019 are represented by:		
Fixed assets	238,905	238,905
Current assets	1,554,531	1,554,531
Current liabilities	(1,505,173)	(1,505,173)
Long term liabilities	-	-
<b>Total net assets</b>	<b>288,263</b>	<b>288,263</b>

12) Other financial commitments

At the year end the registered provider had annual commitments under non-cancellable operating leases as set out below:

Operating leases which expire:	2019 £	2018 £
Within 1 year	3,371,696	1,731,890
Between 2 and 5 years	13,388,429	6,878,383
More than 5 years	37,564,864	25,240,695
	<b>54,324,989</b>	<b>33,850,968</b>

The registered provider has entered into a 20 year lease for the majority of it's properties.

13) Staff costs

	2019 £	2018 £
Wages and salaries	885,874	420,963
Social security costs	72,955	32,541
Employers pension	8,215	5,855
	<b>967,044</b>	<b>459,359</b>
Average number of employees	39	29

Notes forming part of the financial statements (continued)  
For the year ended 31 March 2019

14) Reconciliation of net income to net cash flow from operating activities

	2019 £	2018 £
Net income for the reporting period	43,785	122,817
Amortisation of intangible fixed assets	5,177	-
Depreciation of tangible fixed assets	79,499	42,119
(Decrease)/Increase in debtors	(1,040,896)	(274,241)
(Decrease)/Increase in creditors	1,163,959	142,357
	<u>251,525</u>	<u>33,052</u>

15) Analysis of cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	<u>99,670</u>	<u>41,394</u>
	<u>99,670</u>	<u>41,394</u>

16) Auditor's remuneration

	2019 £	2018 £
Fees payable to the registered provider's auditor	<u>9,000</u>	<u>8,000</u>
	<u>9,000</u>	<u>8,000</u>

17) Bed Spaces

	2019 £	2018 £
Supported housing - managed		
Supported housing	<u>383</u>	<u>265</u>
	<u>383</u>	<u>265</u>