

Charity Registration No: 1143046

Company Registration No. 07375502 (England and Wales)

RSH Registration No: L4718

BESPOKE SUPPORTIVE TENANCIES LTD
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019



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BESPOKE SUPPORTIVE TENANCIES LTD

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	Andrew Bailey	(Appointed 20 March 2019)
	Thomas Miskell	(Appointed 15 August 2019)
	Stephen Close	(Appointed 15 August 2019)
	Paul Carhart	(Appointed 15 August 2019)
	Philip Elvy	(Appointed 15 August 2019)
	Marjorie Tutte	(Appointed 20 March 2019 and resigned 19 February 2020)
	Stuart Connell	(Appointed 20 March 2019 and resigned 25 September 2019)
	David Poppitt	(Resigned 1 March 2020)
	Hugh McCaw	(Resigned 19 February 2020)
	Kevin Appleby	(Resigned 1 July 2019)
Executive Team	Shelley Hobbs	(Resigned 1 July 2019)
	Steve Boyd	(Resigned 1 July 2019)
	Kevin Appleby (Chief Executive Director) (Resigned 1 March 2020)	
	Shelley Hobbs (Managing Director)	
Charity number	1143046	
	07375502	
	L4718	
	2A Sentinel House	
Registered office	Albert Street	
	Eccles	
	Manchester	
	M30 0NJ	
Auditor	McLintocks (NW) Limited	
	2 Hilliards Court	
	Chester Business Park	
	Chester	
Bankers	Cheshire	
	CH4 9PX	
	Santander	
	298 Deansgate	
Solicitors	Manchester	
	M3 4HH	
	Unity Trust Bank plc	
	9 Brindleyplace	
	Birmingham	
	B1 2HB	
	Woodcocks, Howarth & Nutall	
	12 Manchester Road	
	Bury	
	Lancashire	
	BL9 0DX	

BESPOKE SUPPORTIVE TENANCIES LTD

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BESPOKE SUPPORTIVE TENANCIES LTD

CHAIR'S FOREWARD

FOR THE YEAR ENDED 30 SEPTEMBER 2019

The 2018/19 financial year ended disappointingly for Bespoke Supportive Tenancies, as it seeks to comply with the standards of the Regulator of Social Housing.

The Charity has worked hard to rectify the problems and issues with the Regulator. The Board was been strengthened, with the appointment of four experienced executives/non-executives from within the social housing sector. An action plan to address the issues has been developed and shared with the Regulator. The Charity has been making progress against this plan, with many of the more urgent elements in phase one almost completed.

Like its fellow lease-based providers, the Charity is working to a business model that provides challenges due to the mismatch of short term contracts for income from supported housing tenants and the long term exposure to finance and operating lease properties. The Board is aware of these issues and is working hard on developing a more robust and prudent business plan and financial model.

The work on improving the regulatory compliance at the Charity has naturally resulted in other aspects of the business being reviewed and investigated during this diagnostic phase. The outcome from the diagnostic phase will be used to update the action plan.

With an awareness of the issues that Bespoke Supportive Tenancies faces, the Chair, two fellow Board members and the Chief Executive have resigned.

The Charity's heightened levels of transparency have resulted in some uncomfortable details being recorded clearly within the notes to these accounts.

The current situation has left staff, stakeholders and tenants uncertain as to the future of the Charity and the Board wishes to assure all interested parties that it is working hard to get the organisation on an even keel and to be compliant in relation to all regulations and legislation.

I have assumed the Chair role on an interim basis and, with the support of remaining Board members, we are determined to see the Charity complete its journey towards regulatory compliance, so that it can focus on its core charitable objectives and deliver much needed housing accommodation within the supported housing sector for vulnerable individuals. Going forward, stakeholders can be assured that this will be achieved in an environment of probity and good governance. Working with our stakeholders, we plan to tackle some of our fundamental weaknesses and hope that we can secure a financially viable future for Bespoke Supportive Tenancies.



Thomas Miskell
Interim Chair
13 March 2020

BESPOKE SUPPORTIVE TENANCIES LTD

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

The trustees present their report and financial statements for the year ended 30 September 2019.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charitable company's Memorandum & Articles, the Companies Act 2006, Regulator of Social Housing and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended for accounting periods commencing from 1 January 2016).

Objectives and activities

Aim

The principal object of Bespoke Supportive Tenancies (BeST) "(the charitable company)", as set out in its Memorandum and Articles, is to provide accommodation for vulnerable adults in partnership with support providers. BeST works closely with service providers such as local commissioning Groups, Local Authorities, Housing Benefit Departments, Care and Supports providers and a number of property development companies to identify tenant requirements to enable it to acquire suitable homes that can be adapted for the specialised requirements to meet the needs of our tenants.

Principle activity

In the year covered by the financial statements the principal activity was acting as landlord for supported housing providers.

Public benefit

The Charities Act 2011 identifies two key principles of public benefit, namely that there must be an identifiable benefit or benefits and the benefit must be to the public or a section of the public. The trustees, in the overseeing of the charitable company's operations and in exercising their powers or duties, consider that they have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission.

The trustees have paid due regard to guidance issued by the Charity Commission in deciding what activities the charitable company should undertake.

Strategic Review

Regulatory position

The year has been dominated by our regulatory engagement. The Charity was issued with Regulatory Notices for non-compliance of the Governance and Financial Viability Standard in May 2019 and with the Home Standard in August 2019. Since the initial Regulatory Notices, the Charity has worked closely with the Regulator to identify the extent of its issues and weaknesses and put in place processes to correct them.

The Charity has not been given a grading since exceeding the 1,000-unit level and an In-Depth Assessment has not yet been carried out and so is currently on the Regulator's Gradings Under Review list. The weaknesses identified within the Regulatory Notices and confirmed during the organisation's own self-assessments against the Regulatory Standards, provide a clear indication that the Charity does not meet the necessary standards expected of a registered provider.

The Charity acknowledged that there were key weaknesses at Board level in terms of governance and an understanding of its responsibilities within the Regulatory Framework. Four appointments of senior staff from within the social housing sector were made to the Board, which has strengthened it considerably. A detailed action plan of work has been agreed with the Regulator and, with the support of external experts, the Charity is making progress towards achieving a fully compliant status.

BESPOKE SUPPORTIVE TENANCIES LTD

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

Operations

The Charity ended the year with 1,706 units of accommodation, which was a growth rate of 26% on the previous year. The portfolio was split between 1,475 units of supported living accommodation and 231 registered care units.

Our landmark project 'Thorntree Farm' was practically complete during the year and is due to be handed over in March 2020 once final snags have been remedied. This scheme provides 23 units of accommodation but also delivers far more, with respite care offered and an on-site Bistro offering educational opportunities for vulnerable adults.

The growth plans pursued up to this point by the Charity had seen its stock profile mirror local authority demand with a mixture of shared and self-contained accommodation. The regulatory engagement and increasing awareness of the Regulator's concerns about the lease-based model has resulted in the Charity taking stock of its position and refocussing on consolidation rather than growth, as it looks to put processes and systems in place to meet regulatory requirements and also put the Charity on a more robust and secure financial footing.

During the year, the Charity has strengthened various departments with the addition of senior staff and external expertise, including finance, governance, health and safety, revenue and benefits and housing.

The work being undertaken as part of the agreed action plan with the Regulator has initially focused on gaining a clearer understanding of the business. Diagnostic approaches revealed the extent of the landlord compliance issues, which have been corrected with the support of an external agency. A detailed review is underway of the lease commitments so that the Charity has a clear understanding of its liabilities. It is also aware of the Regulator's concerns around the Rent Standard within the sector and a full review of our compliance against the Standard is underway.

Significant improvements in the governance processes and systems have been made and the new Board members bring rigour, challenge and experience, that it has been accepted had been missing previously.

Year Ahead

The Board have clearly stated that their focus is on securing the future of the Charity and this can only be achieved by ensuring that it is financially robust and operates with prudence. Growth in additional units has been halted except for schemes where the Charity was contractually committed. This will see a small number of units added during 2019/20, of which 23 will be funded through finance leases and the other 31 are operating leases.

The Charity is fully aware of the task ahead, particularly with the ongoing concerns of the Regulator surrounding the operating model used. The key operational objectives for the year ahead include:

- Implement the BRIXX financial modelling tool.
- Undertake extensive stress testing and develop recovery plans to demonstrate the financial viability of the organisation.
- Improve risk management at both a strategic and operational level, through embedding the new risk management policy.
- Develop a full asset and liabilities register to provide a clear understanding of the Charity's portfolio of leases.
- Implement a robust and clear performance reporting and monitoring system.
- Develop a full suite of governance policies and documentation that are fit for purpose.
- Review structures, systems and processes across the organisation to ensure that they are fit for purpose.

The organisation will also want to refocus its aims on its charitable objectives after a challenging period of self-reflection. A revised and rebooted strategic plan will be developed over the next twelve months which will provide clear and measurable outcomes and be supported by a prudent and fully costed business plan.

The organisation is aware that the challenges ahead, particularly during this period of economic uncertainty surrounding Brexit and the spread of the coronavirus, are extensive but the Board and staff are committed to the principles of delivering quality accommodation to vulnerable adults who deserve to receive their care and support in high quality and well maintained units of accommodation.

BESPOKE SUPPORTIVE TENANCIES LTD

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

Financial Review

The charity reported a deficit for the year of £449,319 (2018: Profit £448,478).

There has been a 26% increase in the number of units this year, with the number of units being 1706 at September, including 231 registered units. The occupancy levels within the supported living portfolio remained constant at around 85% and all but 2% of the voids are covered by nomination agreements.

There has been an in-depth review of the balance sheet this year which has led to a more prudent view taken on items such as accruals and debtors with increased provisions created in some areas.

The financial results reflect a challenging year adversely impacted by a combination of one-off and recurring costs including £0.3m bonus payments, £0.2m bad debt provision, £0.3m increased staffing and £0.2m increased overheads. The board has been refreshed and financial management strengthened to help ensure the organisation moved back into a profitable position.

Reserves policy

It is the policy that unrestricted funds which have not been designated for a specific use should be maintained at a level between 3 and 5% of income. The trustees consider that reserves at this level will ensure that, in an event of a temporary fall in income, they will be able to continue with their current activities.

This level of reserves has not been maintained throughout the year. Whilst the charity maintains positive cash balances, the reserves have been adversely impacted by the accounting treatment of finance leases whereby there are higher charges for finance leases interest in the early years which reverses as the lease matures.

Value for Money

Introduction

BeST is required to comply with the regulatory framework for the sector as issued by the Regulator of Social Housing. The regulatory framework contains a specific standard dealing with Value for Money (VFM) and how registered providers are to address this issue. The VFM standard has been revised and a new standard was published in April 2018. The standard sets out the following required outcomes:

1.1 Registered providers must :-

- clearly articulate their strategic objectives.
- have an approach agreed by their board to achieving VFM in meeting these objectives and demonstrate delivery of VFM to stakeholders.
- through their strategic objectives, articulate their strategy for delivering homes that meet a range of needs.
- ensure that optimal benefit is derived from resources and assets and optimise economy, efficiency and effectiveness in the delivery of their strategic objectives.

Ensure expectations include the following:-

2.1 Registered providers must demonstrate:-

- a robust approach to achieving VFM – this must include a robust approach to decision making and a rigorous appraisal of potential options for improving performance.
- regular and appropriate consideration by the board of potential VFM gains- this must include full consideration of costs and benefits of alternative commercial, organisational and delivery structures.
- consideration of VFM across their whole organisation and where they invest in non-social housing activity, they should consider whether this generates returns commensurate to the risk involved and justification where this is not the case.
- that they have appropriate targets in place for measuring performance in achieving VFM in delivering their strategic objectives, and that they regularly monitor and report their performance against these targets.

BESPOKE SUPPORTIVE TENANCIES LTD

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

Value for Money

Introduction (continued)

2.2 Registered providers must annually publish evidence in statutory accounts to enable stakeholders to understand the providers:-

- performance against its own VFM targets and any metrics set out by the Regulator, and how that performance compares to peers.
- measureable plans to address any areas of underperformance, including clearly stating any areas where improvements would not be appropriate and the rationale for this.

How do we approach VFM?

BeST is undergoing a significant change programme as it works through its agreed improvement plan with the Regulator. Improved value for money and performance data collection and reporting is a major element within the plan. The Board acknowledges that it currently does not have the level of detailed financial and performance data to enable it to make strategic value for money decisions. The establishment of a 30-year business plan and An improved performance management framework will enable BeST to drive the organisation forward and improve its all-round performance.

Value for Money metrics

The Board acknowledges that the organisation currently does not meet the full requirements of the VFM Standard. BeST currently does not have a performance management framework linked to its strategic objectives. In recent years Best has focussed on growing the business and achieving economies of scale. This will be developed as part of the business planning process. Therefore, BeST has only reported against the VFM metrics set out by the Regulator.

RSH VFM Metrics	BeST 2016	BeST 2017	BeST 2018	BeST 2019
Reinvestment %	75%	26%	50%	0.4%
New supply delivered (Social housing units) %	23%	22%	27%	0%
New supply delivered (Non-social housing units) %	0%	0%	0%	0%
Gearing %	99%	100%	101%	101%
EBITDA MRI interest cover %	177%	140%	178%	146%
Headline social housing cost per unit	£8,148	£8,543	£8,537	£8,200
Operating Margin (social housing lettings) %	17%	13%	22%	17%
Operating Margin (overall) %	17%	13%	22%	17%
Return on capital employed (ROCE)	8%	6%	4%	5%

The new Finance team at BeST has undertaken a detailed review of the workings behind the VFM Metrics provided in the previous year and has identified that the methodologies used were flawed for some metric calculations. Revisiting the 2018 metrics resulted in the following changes:

- New supply (social housing units) – 38% (previously 27%)
- EBITDA – 171% (previously 178%)
- Headline social housing cost per unit - £6,727 (previously £8,537)

The key movements in the metrics between 2019 and 2018 relate to reinvestment, new supply and headline social cost. During the year no new finance leases were taken on which resulted in 0% new supply. Due to the nature of our business using leased properties our reinvestment figure excluding additions has always been low. With the recent growth there has been minimal requirement for capital investment in the finance lease properties.

The movement in the headline social housing cost reflects the investment by BeST in staffing and infrastructure in the year following its rapid growth. This has been partially offset by the increase in operating lease units which are not accounted for in any of the other metrics. Improved analysis by the finance team has resulted in a more accurate cost per unit in both years but we have not restated 2016 and 2017. Cost per unit has increased by only 0.6% over the last 3 years, a significant real cost reduction and arguably due to economies of scale.

BESPOKE SUPPORTIVE TENANCIES LTD

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

Value for Money metrics (continued)

As the organisation looks forward, it now has a 30-year business plan based in BRIXX, which enables it to produce targets for the 2020 and 2021 financial years.

BeST RSH VFM Metrics	Actual	Forecast	Forecast
	2019	2020	2021
Reinvestment %	0.4%	0.3%	0.2%
New supply delivered (Social housing units) %	0%	18%	0%
New supply delivered (Non-social housing units) %	0%	0%	0%
Gearing %	101%	108%	109%
EBITDA MRI interest cover %	146%	141%	150%
Headline social housing cost per unit	£8,200	£10,237	£10,863
Operating Margin (social housing lettings) %	17%	14%	14%
Operating Margin (overall) %	17%	14%	14%
Return on capital employed (ROCE)	5%	5%	5%

These results are based on an initial business strategy that sees the organisation complete on its existing projects but does not take on any new stock. The new supply forecast to be delivered in 2020 is a mix of finance and operating leases.

The performance over the next couple of years looks consistent with the current year with the exception of the headline social housing cost per unit. This reflects a more accurate picture of BeST's ongoing cost base covering its responsibilities regarding maintenance and landlord health and safety compliance.

Of the £8,200 headline unit cost, £5,148 relates to lease payments. Traditional debt funded RPs would not incur these lease costs but would instead incur debt interest and repayments which are excluded from the unit cost calculation. If the lease payments are excluded the headline cost per unit falls to £3,052, which compares more favourably with the average/median unit cost for the wider RP sector.

Leased based supported housing providers are an anomaly compared with the bulk of providers within the Regulator's Global Accounts as their metrics do not fit the norm for the rest of the sector, BeST has decided to benchmark itself against specific leased based providers with over 1,000 units. This will provide more realistic benchmarking, without the need to explain differences arising from diverse operating models.

RSH VFM Metrics 2019	Prospect Housing Ltd	Sustain (UK) Ltd	Reside HA Ltd	Golden Lane Housing Ltd	Inclusion Housing CIC	BeST
Reinvestment %	-	-	4.2%	7.0%	0%	0.4%
New supply delivered (Social housing units) %	8.2%	-	0%	12.1%	26.5%	0%
New supply delivered (Non-social housing units) %	0%	-	0%	0%	0%	0%
Gearing %	-	-	10.5%	43.6%	-590.6%	101%
EBITDA MRI interest cover %	-	-	1,049.2%	216.9%	15,038.5%	146%
Headline social housing cost per unit	£8,040	£8,460	£10,190	£6,490	£11,210	£8,200
Operating Margin (social housing lettings) %	6.0%	3.6%	9.6%	23.5%	6.3	17%
Operating Margin (overall) %	6.0%	3.6%	9.4%	24.7%	6.5%	17%
Return on capital employed (ROCE)	54.2%	69.3%	8.5%	4.4%	22.0%	5%

BESPOKE SUPPORTIVE TENANCIES LTD

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

Value for Money metrics (continued)

BeST's performance against its peers is mixed and can partly be attributed to the maturity of the provider in terms of their business model. In 2018/19, BeST did not deliver any new supply unlike three of its peers, which may have contributed to its poor performance against its peers in relation to the return on capital employed. BeST does have a healthy operating margin, with only Golden Lane Housing having a better percentage. With such varied gearing and EBITDA ratios it is difficult to have a meaningful comparison between providers.

The only metric, other than operating margin, that appears appropriately comparable is the headline social housing cost per unit. BeST's costs sit firmly in the middle of its peers, which considering the investment in the year and the geographical spread of the homes BeST manages is a good performance. However, further work arising from the regulatory engagement that the organisation is undergoing may see costs rise in 2019/20, some being one-off costs, other being an underlying increase in the cost base, especially in terms of regulatory and legislative requirements.

Governance

The Board of Trustees has operated a simple governance structure to deliver its objectives with no additional Committees.

The Regulatory Notice issued in May 2019 by the Regulator noted that BeST was non-compliant with the Governance and Financial Viability Standard. A further Regulatory Notice was issued in August 2019 noting that BeST had breached the Home Standard and there was the potential of serious detriment to BeST's tenants. Since then, the Charity has been working through a comprehensive improvement plan to achieve full compliance. The Board has been strengthened with new board members with extensive sector experience.

A Regulatory Task & Finish Group has been established to oversee the action plan established to deal with the issues raised in the Notices. The Group also acts as the main point of contact during the regular engagement with the Regulator. The work of the Group is reported back to the Board at each meeting, ensuring that the whole Board is aware of the progress being made.

The Charity undertook a full self-assessment against the economic and consumer standards prior to the completion of the accounts. As expected, following the Regulatory Judgements issued during the year, the self-assessment identified further areas of improvement as the Charity does not fully meet the Regulatory Standards. The Board has put in place a robust action plan, which will be reported against on a regular basis.

The Board has adopted the 2015 NHF Code of Governance and a full self-assessment against the Code was carried out after the year-end. The self-assessment resulted in the Board identifying a number of areas of improvement to bring the Charity up to full compliance and an action plan has been developed to ensure that BeST is able to confirm full compliance with the Code in its 2019/20 financial statements.

The Board acknowledges that the Charity has a significant amount of work to do to become fully compliant with the Regulatory Standards and the NHF Code of Governance. These weaknesses have been recognised by the Board and changes have occurred at Board level which has seen a new direction being taken. The Board now has a clear strategy to improve its regulatory compliance and maintain the organisation's financial viability.

Risk management

The Board has adopted a risk-based approach to establishing and maintaining internal controls, appropriate for the size and complexity of the organisation. The risk management undertaken by the Board was called into question by the Regulatory Notice and therefore the Charity has implemented a robust risk management policy that needs to be embedded into the organisation for identifying, evaluating and managing significant risks.

The Board will now review the strategic risk register twice a year and consider its appetite for taking on risk. With the extensive work being undertaken around the Charity's long term financial planning, the Board has reviewed the significant risks on a more regular basis at each Board meeting.

BESPOKE SUPPORTIVE TENANCIES LTD

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

Risk Register

The organisation is developing its risk management framework. Controls and mitigations are being developed for each of these risks:

Risk	Risk Category	Short Description	Net Risk Score
1	Legal & regulatory	Breach of Regulatory Standards	20
2	Financial viability	Lease exposure	20
3	Health & safety	Landlord compliance	20
4	Financial viability	Welfare reform	16
5	Financial viability	Rising costs	16
6	Asset management	Unknown liabilities	16
7	Asset management	Inadequate stock condition	16
8	Legal & regulatory	Bonus scheme	16
9	Housing Operations	Pandemic	16
10	Health & safety	Landlord compliance	16

Internal control

The Board acknowledges its overall responsibility for establishing and maintaining the Charity's system of internal control and for reviewing its effectiveness.

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and to provide reasonable, and not absolute, assurance against material misstatement or loss.

The Board is aware, following the detailed self-assessments that have been carried out that the internal control framework needs to be strengthened. Key elements that will be added to the control framework include:

- A clear delegation framework approved by the Board.
- Quarterly review of the strategic risk register by the Board.
- Corporate planning and budgeting process which sets clear objectives, agrees plans and allocates resources.
- Robust performance monitoring by the Board.
- Regular compliance monitoring.
- Clearly established authorisation and appraisal procedures for significant new initiatives.
- A strong anti-fraud culture supported by whistleblowing and anti-fraud policies.
- Detailed policies and procedures covering all aspects of the Charity's activities.
- Formal recruitment, retention and training policies for Board.

The small size of the Charity and the particular client group it works with does make formal tenant scrutiny arrangements challenging but the Charity is working on providing a variety of informal feedback mechanisms to ensure that the 'tenants' voice' is captured and listened to.

Although the Charity does not have an internal audit function due to its small size, the External Audit function provides feedback to the Board through its management letter on the operation of the internal financial controls reviewed as part of the annual audit of the financial statements.

The Charity maintains a fraud register and reports to Board any occurrences. No frauds have been reported this year.

BESPOKE SUPPORTIVE TENANCIES LTD

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

Structure, governance and management

Governing document

The charitable company is limited by guarantee, incorporated in the UK on 14 September 2010 and registered as a charity on 22 July 2011. The charitable company was established under a Memorandum of Association which established the objects and powers of the charitable company and is governed under its Articles of Association. In the event of the charitable company being wound up members are required to contribute an amount not exceeding £10.

Statement of trustees' responsibilities

The trustees, who are also the directors of Bespoke Supportive Tenancies Limited for the purpose of company law, are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company Law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

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

- select suitable accounting policies and then apply them consistently.
- observe the methods and principles in the Charities SORP, Housing SORP 2014: Statement of Recommended Practice for Registered Social Housing Providers and the Accounting Direction for Private Registered Providers of Social Housing 2015.
- make judgements and estimates that are reasonable and prudent.
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

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

Auditor

In accordance with the company's articles, a resolution proposing that McLintocks (NW) Limited be reappointed as auditor of the company will be put at the Annual General Meeting. The audit service will be retendered after the Annual General Meeting.

Disclosure of information to auditor

Each of the trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information.

The trustees' report was approved by the Board of Trustees on 13 March 2020.



Thomas Miskell
Trustee

BESPOKE SUPPORTIVE TENANCIES LTD

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BESPOKE SUPPORTIVE TENANCIES LTD

Opinion

We have audited the financial statements of Bespoke Supportive Tenancies Ltd (the 'charitable company') for the year ended 30 September 2019 which comprise Statement of comprehensive Income, Statement of changes in reserves, Statement of financial position, Statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 charitable company's affairs as at 30 September 2019 and of 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 2019 (adopted 1 October 2018).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the accounts 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 trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are 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.

BESPOKE SUPPORTIVE TENANCIES LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF BESPOKE SUPPORTIVE TENANCIES LTD

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' Report, which includes the directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included within the trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the trustees' 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 trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees, who are also the directors of the charitable company for the purpose 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 trustees 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 trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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.

BESPOKE SUPPORTIVE TENANCIES LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF BESPOKE SUPPORTIVE TENANCIES LTD

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Michael Caputo FCA (Senior Statutory Auditor)
for and on behalf of McLintocks (NW) Limited

13 March 2020

Chartered Accountants
Statutory Auditor

2 Hilliards Court
Chester Business Park
Chester
Cheshire
CH4 9PX

BESPOKE SUPPORTIVE TENANCIES LTD

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2019

	Notes	2019 £	2018 £
Turnover	3	19,708,451	13,513,931
Operating expenditure	3	(16,395,897)	(10,589,782)
Operating surplus	3	3,312,554	2,924,149
Gain/(loss) on disposal of other fixed assets		-	(3,674)
Interest receivable and other income	8	8,454	4,276
Interest payable and similar charges	8	(3,770,327)	(2,476,273)
Total comprehensive income for the year		(449,319)	448,478

The statement of comprehensive income includes all gains and losses recognised in the year.

All income and expenditure is derived from continuing activities.

BESPOKE SUPPORTIVE TENANCIES LTD

STATEMENT OF CHANGES IN RESERVES

FOR THE YEAR ENDED 30 SEPTEMBER 2019

	Notes	Unrestricted reserves £	Restricted reserve £	Total £
Balance at 1 October 2017	18	43,679	13,398	57,077
Surplus/(deficit) from statement of comprehensive income		460,647	(12,169)	448,478
Balance at 30 September 2018	18	<u>504,326</u>	<u>1,229</u>	<u>505,555</u>
Balance at 1 October 2018	18	504,326	1,229	505,555
Surplus/(deficit) from statement of comprehensive Income		(449,015)	(304)	(449,319)
Balance at 30 September 2019	18	<u><u>55,311</u></u>	<u><u>925</u></u>	<u><u>56,236</u></u>

BESPOKE SUPPORTIVE TENANCIES LTD

STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2019

	Notes	2019 £	£	2018 £	£
Fixed assets					
Tangible assets	12	68,466,171		71,629,365	
Current assets					
Debtors	14	2,926,775		3,307,128	
Cash at bank and in hand		3,754,021		761,112	
		6,680,796		4,068,240	
Creditors: amounts falling due within one year	15	(3,994,020)		(2,846,785)	
Net current assets		2,686,776		1,221,455	
Total assets less current liabilities		71,152,947		72,850,820	
Creditors: amounts falling due after more than one year	16	(71,096,711)		(72,345,265)	
Net assets		56,236		505,555	
Reserves					
Restricted reserves	17	925		1,229	
Unrestricted funds		55,311		504,326	
		56,236		505,555	

The financial statements were approved by the Trustees on 13 March 2020


Thomas Miskell
Trustee

Company Registration No. 07375502

BESPOKE SUPPORTIVE TENANCIES LTD

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2019

	Notes	2019 £	£	2018 £	£
Cash flows from operating activities					
Cash generated from operations	24		8,152,243		3,652,600
Investing activities					
Purchase of tangible fixed assets		(424,369)		(35,556,152)	
Interest received		4,172		469	
Net cash used in investing activities			(420,197)		(35,555,683)
Financing activities					
Finance lease additions				35,164,021	
Payment of obligations under finance leases		(4,698,181)		(2,630,152)	
Net cash (used in)/generated from financing activities			(4,698,181)		32,533,869
Net increase in cash and cash equivalents			3,033,865		630,786
Cash and cash equivalents at beginning of year			720,156		89,370
Cash and cash equivalents at end of year			3,754,021		720,156
Relating to:					
Cash at bank and in hand			3,754,021		761,112
Bank overdrafts included in creditors payable within one year			-		(40,956)

BESPOKE SUPPORTIVE TENANCIES LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2019

1 Accounting policies

Legal status

Bespoke Supportive Tenancies Ltd is a company limited by guarantee incorporated in England and Wales. The company is registered with the Homes and Communities Agency as a Private Registered Provider of Social Housing (L4718). The company is a registered charity (1143046) in England and Wales. The registered office is 2A Sentinel House, Albert Street, Eccles, Manchester, M30 0NJ.

1.1 Accounting convention

The financial statements have been prepared in accordance with the Housing Statement of Recommended Practice 2018, the Accounting Direction for Private Registered Providers of Social Housing (issued by the Homes and Community Agency in 2019), the Housing Regeneration Act 2008, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) and the requirements of Companies Act 2006.

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

The financial statements are presented in sterling (£).

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the trustees have a reasonable expectation that the charitable company has adequate resources to continue in operational existence for the foreseeable future, being a period of at least twelve months after the date on which the report and financial statements are signed. Thus, the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives unless the funds have been designated for other purposes.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

1.4 Income

Charitable income comprises rental income, property acceptance fees, service charges all of which are net of rent and service charge loss from voids.

Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting, net of any voids. Charges for support services funded under supporting people are recognised as they fall due under the contractual arrangements with administering authorities.

Cash donations are recognised on receipt. Other donations are recognised once the charitable company has been notified of the donation, unless performance conditions require deferral of the amount.

Investment income is recognised when the right to receive payment is established.

BESPOKE SUPPORTIVE TENANCIES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

1 Accounting policies

(Continued)

1.5 Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. 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 the basis consistent with the use of resources.

1.6 Leasehold properties

Leasehold properties are properties held for the provision of social housing or to otherwise provide social benefit. Leasehold properties are principally properties available for rent and are stated at cost less accumulated depreciation and impairment losses.

Works to existing properties which enhance the economic benefit of the property and result in an increase in net rentals, are capitalised as leasehold improvements.

Properties held on leases are amortised on a straight line basis over the primary period of the lease.

The charitable company separately identifies the major components which comprise its housing properties and charges depreciation so as to write down the cost of each component to its estimated residual value, on a straight line basis, over its estimated useful economic life.

The charitable company depreciates the major components of its housing properties over the following timescales:

Flooring	5 years
Kitchens and bathrooms	7 years
Internal doors and alarms	10 years
Windows, doors and electrical	15 years
Roof, drainage and driveways	20 years

1.7 Other tangible fixed assets

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

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

Plant and machinery	At variable rates on reducing balance
Computers	25% on reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

BESPOKE SUPPORTIVE TENANCIES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

1 Accounting policies

(Continued)

1.8 Borrowing costs related to fixed assets

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in net income/(expenditure) in the period in which they are incurred.

1.9 Cash and cash equivalents

Cash and cash equivalents 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.

1.10 Financial instruments

The charitable 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 its financial instruments.

Financial instruments are recognised in the charitable company's balance sheet when the charitable 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.

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans 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 operations 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 charitable company's contractual obligations expire or are discharged or cancelled.

BESPOKE SUPPORTIVE TENANCIES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

1 Accounting policies

(Continued)

1.11 Leases

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation using the effective interest method so as to achieve a constant rate of interest on the remaining balance of the liability. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

Rentals payable under operating leases are charged to income and expenditure on a straight-line basis over the lease term, unless the rental payments are structured to increase in line with expected general inflation, in which case the group recognises annual rent expense equal to amounts owed to the lessor.

2 Critical accounting estimates and judgements

In the application of the charitable company's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment and changes to decent homes standards may require more frequent replacement of key components. Accumulated depreciation at 30th September 2019 was £5,584,405 (2018: £3,225,093)

Leasehold Property Improvements

Management reviews its estimate of the useful lives of depreciable assets in properties for which it has a long full repairing lease at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to estimating the life of the asset and the wear and tear and changes in fire, health and safety requirements in communal areas.

Impairment of debtors

Management makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of the debtors, the status of any tribunals and historical experience.

BESPOKE SUPPORTIVE TENANCIES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

3 Turnover, operating expenditure and operating surplus

		Turnover	Operating expenditure	Operating surplus/ (deficit)	Turnover	Operating expenditure	Operating surplus/ (deficit)
	Note	2019 £	2019 £	2019 £	2018 £	2018 £	2018 £
Social housing lettings	4	19,708,451	(16,395,897)	3,312,554	13,513,931	(10,589,782)	2,924,149
		<u>19,708,451</u>	<u>(16,395,897)</u>	<u>3,312,554</u>	<u>13,513,931</u>	<u>(10,589,782)</u>	<u>2,924,149</u>

BESPOKE SUPPORTIVE TENANCIES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

4 Particulars of Income and expenditure from social housing lettings

	2019 Total	2018 Total
Turnover from social housing lettings		
Rent receivable	16,617,409	10,812,692
Service charges	2,101,757	1,367,580
Property acceptance fees	989,285	1,333,659
Turnover from social housing lettings	19,708,451	13,513,931
Expenditure on social housing lettings		
Lease payments	(8,783,199)	(5,619,163)
Depreciation and impairment	(2,359,310)	(1,474,905)
Bad debt provision	(220,128)	-
Routine maintenance costs	(1,440,331)	(896,439)
Planned maintenance costs	(582,409)	(521,636)
Management costs	(2,016,610)	(1,435,132)
Service charge costs	(993,910)	(642,507)
Expenditure on social housing lettings	(16,395,897)	(10,589,782)
Operational surplus on social housing lettings	3,312,554	2,924,149

All of the above income and expenditure is supported housing.

BESPOKE SUPPORTIVE TENANCIES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

5 Accommodation owned, managed and in development

	Number of properties			Number of properties		
	2019 Owned	2019 Managed	2019 Total	2018 Owned	2018 Managed	2018 Total
Social Housing						
Under management at end of year:						
Supported housing	96	223	319	96	184	280

	Number of units			Number of units		
	2019 Owned	2019 Managed	2019 Total	2018 Owned	2018 Managed	2018 Total
Social Housing						
Under management at end of year:						
Supported housing	528	1,178	1,706	528	822	1,350

6 Operating surplus/(deficit)

2019
£

2018
£

The operating surplus/deficit is stated after charging/(crediting):

Fees payable to the company's auditor for the audit of the company's financial statements	17,940	15,948
Depreciation of owned tangible fixed assets	42,807	18,215
Depreciation of tangible fixed assets held under finance leases	2,316,503	1,456,690
Loss on disposal of tangible fixed assets	-	3,674
Operating lease charges	(8,783,199)	(5,619,163)

All figures stated above are inclusive of VAT.

7 Auditor's remuneration

The analysis of auditor's remuneration is as follows:

Fees payable:	2019 £	2018 £
Audit of the annual accounts	17,940	15,948
All other non-audit services	1,872	-
Total fees	19,812	15,948

BESPOKE SUPPORTIVE TENANCIES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

8 Interest, other income and expenditure

	2019 £	2018 £
Interest receivable and other income		
Interest	4,172	469
Other income	4,282	3,807
	<u>8,454</u>	<u>4,276</u>
Interest payable and financing costs		
Unwinding of finance lease commitment	(3,770,327)	(2,476,273)
	<u>(3,770,327)</u>	<u>(2,476,273)</u>

BESPOKE SUPPORTIVE TENANCIES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

9 Employees

Number of employees

The average monthly number of employees during the year was:

	2019 Number	2018 Number
Management	5	5
Administration	28	23
Executive team	4	3
	<u>37</u>	<u>31</u>

The average weekly number of persons employed during the year expressed in full time equivalents (35 hours per week) was 36 (2018: 30)

Wages and salaries	1,489,037	961,824
Social security costs	142,697	84,524
Other pension costs	36,253	7,121
	<u>1,667,987</u>	<u>1,053,469</u>

The increase in wages and salaries between 2018 and 2019 was as a result of increased headcount and the introduction of a company wide bonus scheme. Payments made in 2019 were based on the financial performance in 2018.

The number of employees whose annual remuneration was £60,000 or more were:

	2019 Number	2018 Number
£90,001 to £100,000	-	2
£100,001 to £110,000	-	1
£160,001 to £170,000	2	-
£170,001 to £180,000	1	-
	<u>3</u>	<u>3</u>

10 Trustees

During the year expenses were reimbursed to the following trustees totalling:

D G Poppitt £725 (2018: £519)
H McCaw £4,232 (2018: £1,394)
A Bailey £652 (2018: £113)
M Tutte £1,051 (2018: £Nil)

BESPOKE SUPPORTIVE TENANCIES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

11 Key management personnel

The key management personnel of the charitable company comprise the trustees, the chief executive officer, the commercial director, managing director and the finance director.

	2019 £	2018 £
Aggregate emoluments paid to key management personnel	377,080	369,732
Bonus payments (see further details in note 9)	225,000	6,680
Pension contributions	3,732	2,395
	605,812	378,807

Emoluments paid to the highest paid director (excluding pension contributions)	175,609	99,764
--	---------	--------

	No.	No.
The number of key management personnel to whom retirement benefits are accruing under defined contribution schemes	4	4

Contributions to the defined contribution pension scheme on behalf of the Chief Executive were £1,061 (2018: £599).

12 Tangible fixed assets

	Leasehold property £	Leasehold property improvements £	Assets under construction £	Plant and machinery £	Computers £	Total £
Cost						
At 1 October 2018	74,698,619	84,297	-	27,980	43,562	74,854,458
Additions	-	321,345	75,900	2,064	25,060	424,369
Other changes	(1,228,251)	-	-	-	-	(1,228,251)
At 30 September 2019	73,470,368	405,642	75,900	30,044	68,622	74,050,576
Depreciation						
At 1 October 2018	3,187,271	9,722	-	10,050	18,050	3,225,093
Depreciation charged in the year	2,316,505	27,778	-	4,802	10,227	2,359,312
At 30 September 2019	5,503,776	37,500	-	14,852	28,277	5,584,405
Carrying amount						
At 30 September 2019	67,966,592	368,142	75,900	15,192	40,345	68,466,171
At 30 September 2018	71,511,348	74,575	-	17,930	25,512	71,629,365

BESPOKE SUPPORTIVE TENANCIES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

12 Tangible fixed assets

(Continued)

Other changes in relation to leasehold property cost represent revised lease terms of a property portfolio.

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts. The depreciation charge in respect of such assets amounted to £2,316,505 (2018 - £1,456,689) for the year.

	2019 £	2018 £
Leasehold property	67,966,592	71,511,348

13 Financial Instruments

Carrying amount of financial assets
Debt instruments measured at amortised cost

2019 £	2018 £
2,837,961	3,286,860

Carrying amount of financial liabilities
Measured at amortised cost

2019 £	2018 £
75,054,616	75,161,760

14 Debtors

Amounts falling due within one year:

	2019 £	2018 £
Rent and service charge arrears	2,134,806	1,601,571
Other debtors	703,155	1,685,289
Prepayments and accrued income	88,814	20,268
	2,926,775	3,307,128

15 Creditors: amounts falling due within one year

	Notes	2019 £	2018 £
Bank overdrafts		-	40,956
Obligations under finance leases	19	1,028,435	927,627
Other taxation and social security		36,115	30,290
Trade creditors		591,628	445,246
Other creditors		485,311	358,778
Accruals and deferred income		1,852,531	1,043,888
		3,994,020	2,846,785

BESPOKE SUPPORTIVE TENANCIES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

16 Creditors: amounts falling due after more than one year

	Notes	2019 £	2018 £
Obligations under finance leases	19	70,088,351	72,345,265
Other creditors		1,008,360	-
		<u>71,096,711</u>	<u>72,345,265</u>

17 Restricted funds

The income funds of the charitable company include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	Balance at 1 October 2018	Movement in funds		Balance at 30 September 2019
	£	Incoming resources £	Resources expended £	£
50/50 Club	1,229	1,240	(1,544)	925

50/50 Club

The club is a monthly draw anyone can enter with 5 cash prizes each month the 1st prize is 30% of the monthly income, plus 4 further prizes of 5% each. The remaining 50% of the income is donated to the charitable company and these funds are to provide services to children, families and adults.

18 Analysis of net assets between funds

	Unrestricted 2019 £	Restricted 2019 £	Total 2019 £	Unrestricted 2018 £	Restricted 2018 £	Total 2018 £
Fund balances at 30 September 2019 are represented by:						
Tangible assets	68,466,171	-	68,466,171	71,629,365	-	71,629,365
Current assets/ (liabilities)	2,685,851	925	2,686,776	1,220,226	1,229	1,221,455
Long term liabilities	(71,096,711)	-	(71,096,711)	(72,345,265)	-	(72,345,265)
	<u>55,311</u>	<u>925</u>	<u>56,236</u>	<u>504,326</u>	<u>1,229</u>	<u>505,555</u>

BESPOKE SUPPORTIVE TENANCIES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

19 Finance lease obligation

Future minimum lease payments due under finance leases:

	2019 £	2018 £
Within one year	1,028,435	927,627
Within two and five years	4,625,441	4,483,821
In over five years	65,462,910	67,861,444
	<u>71,116,786</u>	<u>73,272,892</u>

The finance lease obligation relates to leasehold property capitalised in tangible fixed assets.

BESPOKE SUPPORTIVE TENANCIES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

20 Operating lease commitments

The charitable company utilises properties and office equipment under non-cancellable operating leases. At the end of the year the company had a total commitment of future minimum payments as follows:

Land and Buildings:	2019	2018
	£	£
Within 1 year	9,189,906	4,186,714
Between 1 and 5 years	36,629,712	15,326,504
After more than 5 years	119,989,261	49,531,523
	<u>165,808,879</u>	<u>69,044,741</u>
Other:	2019	2018
	£	£
Within 1 year	5,122	6,243
Between 1 and 5 years	6,240	11,362
	<u>11,362</u>	<u>17,605</u>

21 Capital commitments

At 30 September 2019 the charitable company had capital commitments as follows:

	2019	2018
	£	£
Contracted for but not provided in the financial statements:		
Acquisition of property, plant and equipment	<u>3,334,326</u>	<u>-</u>

BESPOKE SUPPORTIVE TENANCIES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

22 Related party transactions

During the period the charitable company made payments of £4,000 (2018: £12,000) to Mr D G Poppitt, a trustee, for a consultancy governance retainer.

During the period the charitable company made arm's length purchases of £9,131 (2018: £18,758) from Income Generation Limited, a company in which trustee Mr D G Poppitt is the sole director and shareholder. At the balance sheet date there was no balance outstanding (2018: £1,270).

During the period the charitable company incurred arm's length consultancy services of £12,000 (2018: £36,000) from FinstF Consultancy, a company in which trustee Hugh McCaw is the sole director and shareholder. At the balance sheet date there was no balance outstanding (2018: £Nil),

During the period the charitable company incurred arm's length consultancy services of £20,000 (2018: £Nil) from Lead a Bright Future CIC, a company in which trustee Hugh C McCaw is a director. At the balance sheet date there was no balance outstanding (2018: £Nil),

During the period the charitable company incurred arm's length transactions of £61,381 (2018: £25,113) from Connell Wain, a company in which trustee Stuart Connell is a director. At the balance sheet date there was no balance outstanding (2018: £Nil),

During the period the charitable company incurred arm's length consultancy services of £672 (2018: £Nil) from trustee Andrew Bailey, ADB Consultancy. At the balance sheet date there was no balance outstanding (2018: £Nil).

During the year Kevin Appleby, Shelley Hobbs and Steve Boyd all resigned on Companies House as directors on the 1 July 2019, their remuneration is all included within the Key Management Personnel note.

23 Ultimate controlling party

The charitable company is limited by guarantee and as such has no shares. The ultimate controlling parties are the trustees. The trustees' liability is limited to the amount of £1.

24 Cash generated from operations	2019 £	2018 £
(Deficit)/surplus for the year	(449,319)	448,478
Adjustments for:		
Investment income recognised in statement of financial activities	(4,172)	(469)
Interest on finance leases	3,770,326	2,472,599
(Gain)/loss on disposal of tangible fixed assets	-	3,674
Depreciation and impairment of tangible fixed assets	2,359,312	1,474,904
Movements in working capital:		
Decrease/(increase) in debtors	380,353	(1,652,837)
Increase in creditors	2,095,743	906,251
Cash generated from operations	8,152,243	3,652,600