Westmoreland Supported Housing Limited

REPORT AND FINANCIAL STATEMENTS

For the year ended 30 September 2019

Company Number:	04501091
Registered Provider of Social Housing Registration Number:	4772

REPORT AND FINANCIAL STATEMENTS

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Board Members, Advisors and Bankers

BOARD OF DIRECTORS

The non-executive Directors of Westmoreland Supported Housing Limited are:

- Michael Doran (Chair to 30 March 2020)	Appointed 07/11/2018
- Andrew Stafford	Appointed 29/01/2019
- Jayne Phillips	Appointed 17/04/2019
- Lynn Clayton	Appointed 06/06/2019
- Jayne Francis-Ward	Appointed 06/06/2019
- Neil Timms	Appointed 06/06/2019
- Susan Hickey (Chair from 30 March; statutory appointment)	Appointed 10/09/2019
- Susan Lock (statutory appointment)	Appointed 10/09/2019
- Lee Sugden (statutory appointment)	Appointed 10/09/2019
- Stephen Fensom	Appointed 13/07/2020

Statutory appointments ended on 9 September 2020 and these Directors continued on the Board as ordinary appointments.
The Directors that have resigned from the position during the year are as follows:

	Resignation date
- Yvonne Lee (executive)	07/03/2019
- Elizabeth Finney (executive)	07/03/2019
- John Russell (non-executive)	06/06/2019
- Patricia Finney (non-executive)	31/07/2019

Directors are appointed by Westmoreland Board members for an initial three-year term.

Company Secretary: Oakwood Corporate Secretary Limited were appointed on 06/06/2019. Prior to that date Patricia Finney (NED - resigned 31/07/2019) was Company Secretary.

Registered Office: Cumbria House, 147 Trent Boulevard, West Bridgford, Nottingham, NG2 5BX

The Company was formed as a company limited by guarantee on 1st August 2002, number 04501091.

Westmoreland Supported Housing Limited is established as a registered provider of social housing with the Regulator of Social Housing "RSH" under the Housing and Regeneration Act 2008. Regulator of Social Housing Registration Number: 4772.

Auditors:	Crowe UK LLP 3rd Floor, The Lexicon, Mount Street Manchester M2 5NT
Bankers:	Lloyds Bank PLC 25 Gresham Street London EC2V 7HN

STRATEGIC REPORT

The Directors present their Annual Report and Financial Statements for the year ended 30 September 2019 for Westmoreland Supported Housing ("the Company", "Westmoreland").

In Memoriam

It is with great sadness that the Directors advise of the passing of Michael Doran from Covid-19. Mike served as independent Chair of Westmoreland Board of Directors from November 2018 until March 2020, leading on the rebuilding of Westmoreland's Board and executive and providing strong and effective leadership at a time of significant challenge for Westmoreland. His strength of support for residents and the organisation was exemplary and he will be sadly missed.

Overview of the Business and Principal Activities

Westmoreland provides supported living accommodation in England and Wales which is specially designed to meet the individual and unique needs of adults with learning disability, mental ill-health, acquired brain injury, physical or sensory disability, diagnosed long term condition such as dementia or who may for a multitude of reasons require support. Westmoreland does not directly provide these care services.

Vision and Purpose

Across the country there remains a shortage of specialist housing specifically designed to meet the changing and increasing demographic profile of people with support needs.

Westmoreland believes that living in your own home, being safe and well, is a key indicator of a successful society. Some in society need more support to achieve this common goal than others.

Westmoreland provides high quality housing management support with housing specifically designed and adapted to meet the need of the individual, relating to learning disability, mental-ill health, acquired brain injury, physical or sensory disability, or a diagnosed long-term condition such as dementia.

From an organisation of only 56 homes in years 2002 to 2016, Westmoreland grew rapidly in 2017 and 2018 through the acquisition of long-term index-linked leases. A number of these leases have proved ineffective as a result of unsuitable properties, poor stock condition and high rental cost resulting in unsustainable numbers of void units and poor financial returns. This has caused significant disruption to the business.

The Regulator of Social Housing assessed Westmoreland as non-compliant with the governance and viability elements of the Governance and Financial Viability Standard on 30th November 2018. Following this, a new and independent Board has been put in place and Westmoreland has made significant steps towards rectification of the identified failures.

In July 2019, a creditor took action against Westmoreland (who disputed the debt), which led to Westmoreland entering into the Regulator's insolvency process and the commencement of a

STRATEGIC REPORT - continued

moratorium. The creditor action was withdrawn following action taken by Westmoreland, the creditor and by the Regulator. However, the Regulator of Social Housing subsequently downgraded Westmoreland to non-compliant grades for governance (G4), and financial viability (V3) in September 2019.

Since this judgement and by the end of Westmoreland's financial year, the Board was entirely renewed with the appropriate level of skills including three statutory appointments. The senior management team has been strengthened. Both the Board and management team have been working co-operatively with the Regulator on development and delivery of recovery plans. Significant progress has been made towards improving governance and financial viability, with detailed plans now in place to remediate the remainder of Westmoreland's historic issues. A voluntary undertaking has been made and accepted by the Regulator.

Impact of Covid-19 (March 2020 onwards)

Like thousands of organisations across the globe, Westmoreland has been impacted by the Covid-19 pandemic. The organisation has continued to operate remotely whilst the UK has been in lockdown, with staff operating from home. Other than the loss of our Chair, Michael Doran, at the time of signing, Westmoreland can report nine cases amongst our residents, resulting in the sad death of one resident.

We are pleased to report, however, that all other residents remain unaffected, with all Care Providers able to continue providing services through the lockdown period.

One area of impact has been in business recovery planning, with planned improvements in claims made, collections and debt recovery being limited as a result of Covid-19 impacts at Housing Benefit and Care Provider offices.

Objectives and Going Concern

The objectives of the Company during the year have been to ensure the safety of residents, manage compliance and availability of properties and to manage the response to the regulatory and financial issues identified during the year. The work completed in our 2018/19 financial year has facilitated subsequent improvements in business viability, including near-term restructuring of leases and other debt, and improvement in operational performance through taking housing and debt management in-house. The business is now fully focused upon restructuring and consolidation of long-term historic commercial arrangements to deliver ongoing business viability.

Ensuring the Company remains solvent has been a key focus of the Board. At 30 September 2019, the forward cash availability for the business was four months, i.e. until January 2020. At the time of signing, the forward cash availability for the business is thirteen months i.e. until October 2021. This improvement is driven by improved sustainable business performance.

STRATEGIC REPORT – continued

In addition, Westmoreland has negotiated the write-off of a significant long-term creditor, restructured a long-term loan to more favourable terms and has other key negotiations in progress with its landlords to improve business performance and forward cash availability. As a result, the Board has adopted the going concern basis in the financial statements.

Whilst the Board members believe the adoption of the going concern basis is appropriate in these circumstances, they also note the existence of significant uncertainty related to the future viability of Westmoreland, in that long-term viability is dependent upon successfully restructuring several long-term leases held by Westmoreland to apportion risk on a more equitable basis.

Negotiations between all parties are in progress. Failure to deliver against these items would create a high risk of insolvency for Westmoreland.

Looking forward, the Company will continue to focus on improving long term viability, consolidating the dispersed geographic area of operation (from 112 local authorities), driving operational improvements and achieving regulatory compliance.

Value for Money Statement

Westmoreland 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 for Value For Money (VFM) and how registered providers are expected to address this issue. The Board acknowledges that Westmoreland Housing does not comply with the Regulator of Social Housing's VFM Standard.

Under the Value For Money standard, the Regulator for Social Housing detailed seven financial metrics to be measured and reported. Westmoreland's performance for 2017/18 and 2018/19 is shown in the table below:

VFM Metric	2018	2019
1. Reinvestment %	0%	0%
2. New supply delivered	0%	0%
3. Gearing %	1715%	2260%
4. EBITDA MRI	N/A	N/A
5. Headline social housing cost per unit	£109k	£83k
6. Operating margin %	-19%	-0.38%
7. Return on capital employed	-488%	-1.69%

Metric 1 - % reinvestment

This metric looks at the investment in properties (existing stock as well as new supply) as a percentage of total properties held.

STRATEGIC REPORT - continued

Westmoreland only owns one tangible fixed asset, which is a housing property held at historic cost. There has not been any investment into this asset in the year and all other properties are leasehold so are not included in this calculation.

Metric 2 – New Supply Delivered

This metric looks at the units acquired or developed in the year as a proportion of existing stock. As Westmoreland is not a developing Association and all bar one properties are held under leases, this metric does not currently apply.

Metric 3 – Gearing

Gearing is the proportion of borrowing in relation to the size of the asset base. The asset base has diminished due to the application of depreciation to the one asset held. Borrowing has increased slightly to fund repairs and consequently this metric has risen. However, again this metric is more pertinent for Associations that develop and have larger asset bases than Westmoreland.

Metric 4 - %EBITDA-MRI

This metric 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. As Westmoreland does not pay any interest on loans, this metric is not relevant for these financial statements.

Metric 5 – Headline social housing cost per unit

The unit cost metric assesses the headline social housing cost per unit as defined by the regulator. The principal cost driver for this metric for Westmoreland is the level of lease rents payable. There has been improvement in this through landlord negotiation. A significant credit for repairs completed by Westmoreland's contractor have has also improved this figure in comparison to 2018. Westmoreland has a key focus on efficiency and cost reduction to ensure future stability.

Metric 6 – Operating Margin

The operating margin demonstrates the profitability of operating assets. Increasing margins are one way to improve the financial efficiency of the business. In assessing this ratio it is important that consideration is given to registered providers' purpose and objectives. Westmoreland's operating margin has improved due to a reduced repair costs as a result of credits received.

Metric 7 – Return on Capital Employed

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. For Westmoreland this metric is not particularly relevant as there is only one social housing property owned.

STRATEGIC REPORT - continued

Westmoreland recognises its responsibility to set targets, deliver and report performance in line with the VFM Standard. 2018/19 was an exceptional year for Westmoreland with significant disruption to its business. We will be developing our VFM strategy later this year and will further develop our reporting framework on performance in 2019/20 financial statements.

Operational Performance

During the year Westmoreland has worked with a total of 66 Care and Support partner organisations delivering services to 751 tenants living in 274 supported housing schemes located across England.

Operational income performance during the year has been disappointing. This can be attributed to the problems associated with the previous years' rapid growth of schemes without the resulting occupancy and so Westmoreland has suffered high void rates during the year. In certain cases, the high level of lease rentals has led to difficulties in reaching agreement with the Local Authorities with respect to Housing Benefit rates required.

Bringing operations in-house has had a positive impact on our operational performance since the end of the 2018/19 financial year. This improvement in performance is reflected in occupancy rates. We have brought the Income Collection team in house since the year end, this has led to some successful agreements with Housing Benefit departments concerning individual rent levels.

In particular, during the period Westmoreland managed 23 properties - 136 bed spaces- that remained empty and in an unlettable condition. Following prolonged negotiations with the leaseholder, these leases were surrendered in June 2020 as part of Westmoreland's recovery plan. Removal of these properties reduced Westmoreland's void rate from 30% to 16.5%.

Following negotiations and operating improvement, occupancy rates and levels of Housing Benefit payments are currently in the mid quartile range of performance of similar organisations and on an upwards trajectory. However, this level of performance does not provide a financially sustainable base in the long term and further recovery work is underway.

Property Compliance

In the financial year to 30 September 2019 Westmoreland contracted out compliance on its properties to Fairhome Asset Management. Compliance figures were not clear at the balance date but work since the year end has resulted in full compliance across gas, electrical testing, asbestos, legionella, boiler servicing, fire risk assessment and detection systems, hoists and lifts.

Financial Review

The financial performance has been poor in 2019 due to high levels of voids and the difficulty in some areas to achieve the required rent level from Housing Benefit. This, along with high lease rents, has led to a deficit in the year of £54,178. Performance has been aided by the transfer of non-performing properties and settlement of disputed debts but remains loss making in the year.

STRATEGIC REPORT - continued

Results are summarised in the tables below:

Statement of Comprehensive Income		**2019** (12 months)	**2018** (18 months)
	Sales	19,416,412	25,254,733
	Non-payment Housing Benefit/rent	-2,964,839	-5,550,269
	Lease rentals	-14,140,045	-20,055,299
	Other direct costs	-1,493,388	-2,896,070
	Gross profit/(loss)	581,554	-3,246,905
	Overheads	-872,320	-1,469,678
	Net loss	**-54,178**	**-4,716,583**

Statement of Financial Position		**2019**	**2018**
	Fixed assets	191,470	282,294
	Net current assets/(liabilities)	156,194	-1,245,839
	Long term loan	-4,910,000	-3,544,612
	Reserves	-4,798,922	-4,508,158

The results for 2018 were for an 18-month period, whilst the 2019 results are for a year. The non-payment of Housing Benefit/rent is a provision, due to a number of rent amounts still to be agreed and paid by local authorities at the gross rates charged (as shown in Sales).

The lease rental payments in 2019 are proportionally higher than in 2018. This is because 2019 receives the full year impact of a number of leases taken on throughout the 2018 financial year.

The reduction in Other Direct Costs and Overheads is driven by credit notes for £3.9 million being provided by Westmoreland's major maintenance and housing services provider, Fairhome, against maintenance and housing services invoices.

In the Statement of Financial Position, the reduction in fixed assets is due to some disposal of fixtures and fittings. The improvement in net current liabilities is due to reduced creditor balances following successful dispute resolution negotiations with one superior landlord which resulted in the hand back of 23 properties and the release of a £1.6m disputed creditor balance.

The long-term loan with Fairhome increased to £4 million at the year end. Following the year end the terms of the loan have been restated with the length extended by ten years. No interest is payable.

Since 30 September 2019, the following material events have occurred:

1. Transfer of 67 leased properties with a rent roll of £3.45 million to other Housing Associations or agreement with the landlord to cancel the lease.
2. Agreement with a Superior Landlord to transfer a further 15 leased properties to another Housing Association.
3. Agreement with a Superior Landlord to terminate all leases and hand back 23 properties that are currently void.

Key Risks

The Board is responsible for managing risk and has implemented a management framework for the identification, measurement and management of key risks arising in the course of our business and that takes account of the Regulator of Social Housing's 'Addendum to the Sector Risk Profile 2019' (published April 2019 and March 2020).

The Board recognises the key risks faced by small specialist supported housing providers in the current economic climate. The resulting risk register identifies mitigations against financial, regulatory, external economic and environmental risks, is managed by the Executive team and reviewed by the Board on a monthly cycle.

STRATEGIC REPORT - continued

Key risks to the organisation include:

KEY RISK	RISK DESCRIPTION	KEY MITIGATING CONTROLS	SOURCES OF ASSURANCE
Impact to residents, partners, staff and business from Covid-19	Serious illness or loss of life for our customers, our care providers, colleagues or their families, or business impact or interruption as a result of staff unavailability at Westmoreland or partners	Adopt government risk management guidelines on remote working. Minimise contact where possible, manage exposure where contact unavoidable. Monitoring and managing cash flow during the pandemic	Daily contact and review with all staff and partners. Reporting against contact, impacted individuals and availability of equipment. Increased cash flow monitoring
Business Insolvency	Westmoreland cannot continue trading, driven by inability to exit from or restructure historic uneconomic arrangements. Cashflow decreases to an unsustainable level	Regular cashflow projections provided to Board and Senior Management in order to determine strategic options. Complete Financial review of schemes. Engagement with landlords regarding solutions	Monthly Management Accounts, Cashflow Projections, Board Minutes
Ensuring residents remain safe in their homes	Risk of serious injury/fatality/reputational damage due to insufficient management of Health and Safety	Cyclical programme of inspections and works. Compliance checks and Inspection visits by relevant staff.	Health and Safety compliance reporting monthly cycle. Scheduled and ad-hoc review meetings with Care Providers. Monthly review with contract partner. Monthly Board review
Counter Party risk with Care Providers (CPs)	Vital support services, delivered on our behalf are interrupted, or not sustained at the appropriate quality	Close relationship and performance management with Care Providers, Succession planning clause in contract.	Resident feedback, site visits, regular and ad-hoc review meetings with CP/Local Authorities Financial tracking of CPs, CQC published judgement register
Data management & protection	Poor data management results in failure in operations and/or governance	Implement Quality Assurance Data Sampling Audits	Westmoreland / Maintenance supplier review meetings. Board scrutiny.
Long term management of and investment in property portfolio	Long term costs of maintaining properties to modern standards is unaffordable, driven by insufficient funds available through the sinking funds, causing financial, regulatory and reputational issues	Build detailed knowledge of portfolios stock condition and detailed forward planning of investment across portfolio. Ongoing dialogue with Superior Landlords regarding large investment requirements.	Site inspection programme, new site handover documentation. Resident satisfaction measures. Board scrutiny.
Sustainability and appropriateness of rents	Rents are not set in accordance with prevailing legislation which causes legal, financial and regulatory consequences	Review and take account of all legislation when setting rents. Commission independent review	Independent review of rents set by contracted parties. Board minutes of process review

CORPORATE GOVERNANCE

As at 30 September the Board had nine members including three statutory appointments. Board members are drawn from diverse backgrounds, bringing together professionals with a range of perspectives. The Board also obtains external specialist advice as necessary. All business is transacted by the Board with no formal Committees. The Board was remunerated during the year as shown below.

Current	Appointed	Paid
- Michael Doran (Chair to 30 March)	07/11/2018	£8,000
- Andrew Stafford	29/01/2019	£3,500
- Jayne Phillips	17/04/2019	£3,000
- Lyn Clayton	06/06/2019	£2,000
- Jayne Francis-Ward	06/06/2019	£2,000
- Neil Timms	06/06/2019	£2,000
- Susan Hickey (Chair from 30 March, statutory appointment)	10/09/2019	£0
- Susan Lock (statutory appointment)	10/09/2019	£500
- Lee Sugden (statutory appointment)	10/09/2019	£500

Statutory appointments ended on 9 September 2020 and these Directors continued on the Board as ordinary appointments.

The following Directors resigned from their positions during the year:

- Yvonne Lee (executive)	07/03/2019	£26,129
- Elizabeth Finney (executive)	07/03/2019	£21,774
- John Russell	06/06/2019	£0
- Patricia Finney	31/07/2019	£0

During the year the Board met on the following dates: 24/10/18, 29/01/19, 07/03/19, 17/04/19, 29/07/19 and 16/09/19.

Following the Regulatory Judgement by the Regulator of Social Housing in November 2018 and September 2019, a period of more intense business oversight and control has followed. As a result, the new Board of Directors met at least monthly between September 2019 and April 2020, moving to twice monthly from April with officers in attendance to set strategic direction and review operations.

Officers have been granted a range of delegated authorities by the Board to facilitate the efficient running of operations.

CORPORATE GOVERNANCE – continued

Senior executive pay is based on independent professional advice and sector benchmarks, considering the need to attract people qualified to lead an organisation of this type. The CEO became a member of the Board on 13 July 2020.

Compliance with the Regulator of Social Housing's Governance and Financial Viability Standards

Westmoreland does not comply with the Governance and Financial Viability Standards of the Regulator of Social Housing, as reflected in the current non-compliant gradings of G4 for governance and V3 for financial viability. More information can be found in the Regulatory Judgement issued in September 2019. Subsequently, a voluntary undertaking has been made and accepted by the Regulator.

Westmoreland has a Business Recovery Plan that firstly seeks to address those aspects of non-compliance that are within Westmoreland's direct control, completion of which will provide the company with a stable operating base from which to move forward. However, certain aspects of this non-compliance are symptomatic of the equity-linked Specialist Supported Housing model and – as such – impact a number of similar organisations. Resolution of these aspects requires a change in the wider market. As part of Westmoreland's Business Recovery Plan, we are working with our funding partners and the Regulator to seek to bring about such change. This, however, will take a significant market shift and will take longer to achieve than those aspects of non-compliance solely within the control of Westmoreland.

Financial Statement Preparation

The financial statements are prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including Financial Reporting Standard 102 (FRS 102) and the Housing SORP 2014: Statement of Recommended Practice for Registered Social Housing Providers and comply with the Accounting Direction for Private Registered Providers of Social Housing 2015.

Directors and Officers Indemnity Insurance

Policy cover is in place that protects the personal assets of corporate directors and officers, and their spouses, in the event they are personally sued by employees, vendors, competitors, investors, residents, or other parties, for actual or alleged wrongful acts in managing a company up to a limit of £5m.

Regulatory Compliance - NHF Code of Governance 2015

The Board has adopted the NHF Code of Governance 2015. Since the Board was restructured it has significantly strengthened compliance with the Code with a May 2020 review against the Code demonstrating full compliance.

Board skills were assessed at the time statutory appointments were made and are considered adequate for the challenges currently faced by the Company. Although statutory appointments came to an end on 9 September 2020, these members have agreed to continue on the Board.

CORPORATE GOVERNANCE – continued

Employees

At 30 September 2019, Westmoreland employed thirteen full time employees. One team member was seconded from Change Housing Limited. Having brought Housing Management and Collections in-house, this number has risen to twenty one. All employees are actively involved in the operational management of Westmoreland and are supported with personal development opportunities. Westmoreland does not discriminate on the grounds of disability, gender or ethnicity and has an equal opportunities recruitment policy.

Internal Controls Assurance

The Board acknowledges its ultimate responsibility for ensuring that the Company has in place a system of internal control that is appropriate to the business environment in which it operates.

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, in line with the Board's view that risks should be controlled and managed.

The Board is satisfied that the major risks to which the organisation is exposed are understood, well documented and that appropriate action plans are in place to mitigate these risks. The Board acknowledges that there has been significant investment in improving the control framework since September 2019, in particular: a comprehensive risk register, a self-improvement plan, compliance with health & safety legislation, improvements to tenancy management and consultation, a new robust financial authorisation framework, a new Board review framework, improvements in Board reporting, a range of policies and procedures, and a new comprehensive financial business plan model. Further improvements to the organisations controls and assurance will be introduced during the remainder of 2019/20.

The work of the external auditor provides further independent assurance on the control environment, advising the Board of any weaknesses identified along with recommendations for improvement.

In the period covered by these financial statements several events have demonstrated weakness in Westmoreland's systems of internal control. These include entering into long term leases without sufficient assurance of the underlying asset suitability or condition; a lack of transparency and accountability in consultation and decision-making; and insufficient financial and operational performance management through the year. Towards the end of the 2019 financial year and subsequently, these weaknesses have been addressed through the restructuring of the Board, improving transparency and accountability at all levels of decision-making, effective planning and stronger checks and balances throughout the business. Going forward, there are no significant weaknesses noted.

CORPORATE GOVERNANCE – continued

Statement of Board's responsibilities for the annual report and financial statements

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

Company law requires the financial statements are prepared for each financial year in accordance with the United Kingdom Generally Accepted Accounting Practice (United Kingdom

Accounting Standards) and applicable law including FRS102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

The financial statements are required by law to give a true and fair view of the state of affairs and profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing as applicable matters relating to going concern; and
- use the going concern basis of accounting unless it either intends to liquidate the Company or to cease operations or has no unrealistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that:

- So far as each Director is aware, there is no relevant audit information of which the company's auditor is unaware and;
- The Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

By order of the Board:

Susan Hickey
Chair

17 September 2020

Independent Auditor's Report to the Members of Westmoreland Supported Housing Limited

Opinion

We have audited the financial statements of Westmoreland Supported Housing Limited for the year ended 30 September 2019 which comprise Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Reserves, Statement of Cashflows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Accounting Direction for Private Registered Providers of Social Housing from April 2015. .

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty relating to going concern

We draw your attention to the going concern note on page 26 in the financial statements which states that the company is in the process of renegotiating its lease commitments to enable the company to return to profitability. The company's current forecasts show that they have sufficient cash through to October 2021. As stated in the note, these events or conditions, along with other matters, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other matter

The financial statements of the company for the 18 month period ended 30 September 2018 were unaudited, accordingly no audit opinion was expressed on those financial statements.

Other information

The directors 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

Independent Auditor's Report to the Members of Westmoreland Supported Housing Limited - continued

Other information - continued

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.

Opinion on other matter 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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' 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 by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 17, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent Auditor's Report to the Members of Westmoreland Supported Housing Limited - continued

Responsibilities of directors- continued

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the 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: 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 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 company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Vicky Szulist

Vicky Szulist
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
Manchester

Date: 25th September 2020.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2019

	Note	Year Ended 2019 £	18 Month Period Ended 2018 £
Turnover	**2**	**19,416,412**	25,254,733
Operating expenditure	**2**	**(19,490,202)**	(29,971,316)
Operating Profit /(Loss)		**(73,790)**	(4,716,583)
Interest receivable		-	-
Profit /(Loss) before tax		**(73,790)**	(4,716,583)
Tax on profit on ordinary activities	**7**	**19,612**	-
Profit /(Loss) for the Period after tax		**(54,178)**	(4,716,583)
Total comprehensive income for the Period		**(54,178)**	(4,716,583)

The results relate wholly to continuing activities.

Signed on behalf of the Board:

....

Susan Hickey
Chair – Westmoreland Supported Housing Limited
Date : 17 September 2020

The notes on pages 24 to 40 form an integral part of these accounts

STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30 SEPTEMBER 2019

	Note	30-Sep 2019 £	30-Sep 2018 £
Fixed assets			
Tangible fixed assets - Housing Properties	8	177,018	182,964
Other tangible fixed assets	8	14,452	99,329
		191,470	282,293
Current assets			
Trade and other debtors	9	3,396,191	3,192,393
Cash and cash equivalents	10	1,024,110	387,428
Less: Creditors:			
Amounts falling due within one Period	11	(4,264,107)	(4,825,660)
Net current assets/ (liabilities)		156,194	(1,245,839)
Total assets less current liabilities		347,664	(963,546)
Creditors:			
Amounts falling due after more than one year	12	(4,910,000)	(3,544,612)
Provisions for liabilities			
Provisions		-	-
Total net assets/(liabilities)		(4,562,336)	(4,508,158)
Reserves			
Income and expenditure reserve	13	(4,562,336)	(4,508,158)
Total reserves		(4,562,336)	(4,508,158)

The financial statements were approved and authorised for issue by the Board on 17th September 2020 and were signed on its behalf by the Chairman of Westmoreland Supported Housing Limited:

Susan Hickey
Chair
The notes on pages 24 to 40 form an integral part of these accounts

STATEMENT OF CHANGES IN RESERVES
FOR THE YEAR ENDED 30 SEPTEMBER 2019

	Income and expenditure reserve	Total
	£	£
Balance at 5 April 2017	208,425	**208,425**
Surplus/(deficit) from Statement of Comprehensive Income	(4,716,583)	**(4,716,583)**
Balance at 30 September 2018	(4,508,158)	**(4,508,158)**
Surplus/(deficit) from Statement of Comprehensive Income	(54,178)	**(290,764)**
Balance at 30 September 2019	(4,562,336)	**(4,798,922)**

The notes on pages 24 to 40 form an integral part of these accounts

STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 SEPTEMBER 2019

	Year ended 30 September 2019 £	18 month period ended 30 September 2018 £
Cash flow from operating activities		
Deficit before taxation	**(54,178)**	(4,716,583)
Adjustments for:		
Depreciation of tangible fixed assets	**30,778**	20,364
Loss on disposal of tangible fixed assets	**60,046**	1,867
Decrease/(Increase) in trade and other debtors	**(203,798)**	(2,684,847)
Increase/(Decrease) in trade and other creditors	**328,834**	3,152,505
	215,860	489,889
Cash flow from investing activities		
Sale of fixed assets	-	1,906
Purchase of other fixed assets	-	(20,244)
	-	(18,338)
Cash flow from financing activities		
Loan drawn down	**475,000**	3,525,000
Net change in cash and cash equivalents	**636,682**	(720,032)
Cash and cash equivalents at beginning of the year/period	**387,428**	1,107,460
Cash and cash equivalents at end of the year/period	**1,024,110**	387,428

The notes on pages 24 to 40 form an integral part of these accounts

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

a. Basis of preparation

The Financial Statements have been prepared in accordance with the Housing SORP 2014: Statement of Recommended Practice for social housing providers applicable to registered providers preparing their accounts in accordance with FRS102, the Financial Reporting Standard 102 applicable in the UK and Republic of Ireland (UK GAAP) including, the Accounting Direction for Private Registered Providers of Social Housing 2015, Companies Act 2006 and UK Generally Accepted Practice (UK GAAP).

The board is satisfied that the current accounting policies are the most appropriate for the company. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

Westmoreland Supported Housing Limited is a public benefit entity in accordance with FRS 102.

The Financial Statements are presented in Pound Sterling (£). This also the functional currency.

Company Information

The company is a not-for-profit company limited by guarantee without share capital, registered in England and Wales, which is incorporated and domiciled in the UK and is a registered provider of social housing. The address of the registered office is Cumbria House, 147 Trent Boulevard, West Bridgford, Nottingham, NG2 5BX.

Westmoreland Supported was formed as a company limited by guarantee on 1st August 2002, and consequently does not have share capital.

Company Number :	04501091	RP Number	4772

NOTES TO THE ACCOUNTS (Continued)

1. ACCOUNTING POLICIES - Continued

b. Going concern
Westmoreland Supported Housing's business activities, together with the factors likely to affect its future development, performance and financial position are set out in the Strategic Report and Directors' Report on pages 5 to 14.

The company grew rapidly during 2017 and 2018 and acquired some lease properties that were not fit for purpose. The Directors and senior management team have been renegotiating and exiting leases that do not meet the needs of the business going forward. The Board and senior management have continued to work with the Regulator of Social Housing on recovery plans that will enable the company to return to a compliant regulatory grading.

At the time of approval of these financial statements, the COVID-19 virus continues to develop and has been designated a global pandemic by the World Health Organisation. The care organisations that provide services to our residents have continued to deliver through the pandemic. Both short term and long term effects of the rapidly escalating situation are unknown. As for many businesses at this time, the Board considers that there is potential for significant impact on residents, demand for properties, availability of care staff and supply and maintenance of other key services.

The Board have undertaken planning and forecasting for a range of possible scenarios and continue to closely monitor the ongoing situation. The company's current forecast show that at present there is sufficient cash through to October 2021. The financial position of the company, the regulatory downgrade and COVID-19 create material uncertainty in the forecasting process and the going concern assessment. The outcome of ongoing lease renegotiations is uncertain as is the length and severity of the impact of the coronavirus crisis.

Having assessed the circumstances the Directors have determined there is material uncertainty as to the ability of the company to continue as a going concern for the foreseeable future, however they believe it is appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments if the entity were unable to continue as a going concern

Further comment is provided in the Strategic Report on pages 6 - 7.

c. Turnover and revenue recognition

Turnover comprises rental income receivable in the Period and other services included at the invoiced value of goods and services supplied in the period.

Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting, net of any voids.
Deferred income at the Period-end is included in creditors.

NOTES TO THE ACCOUNTS (Continued)

1. ACCOUNTING POLICIES - Continued

d. Resources expended

Liabilities are recognised once there is a legal or constructive obligation that commits the organisation to the obligation. Expenditure is recognised when a liability is incurred. Contractual arrangements are recognised as goods and services are supplied. All resources expended are classified under activity headings that aggregate all costs related to the category.

e. Irrecoverable VAT

Irrecoverable VAT is charged against the category of resources expended for which it was incurred.

f. Tangible Fixed Assets and Other Tangible Fixed Assets

Freehold properties are stated in the statement of financial position at cost less depreciation.

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life.

The depreciation rates used for other assets are as follows:

Freehold properties - 1% straight line
Fixtures and fittings - 25% reducing balance
Computer Equipment - 33.3% reducing balance

g. Financial Instruments

Westmoreland Supported Housing has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost using the effective interest method. Financial assets held at amortised cost comprise cash and bank and in hand, together with trade and other debtors. Financial liabilities held at amortised cost comprise trade and other creditors.

h. Critical accounting judgements and key sources of estimation uncertainty

In the application of the accounting policies, which are described in note 1, Board are required to make judgements, estimates, assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

NOTES TO THE ACCOUNTS (Continued)

1. ACCOUNTING POLICIES - Continued

h. Critical accounting judgements and key sources of estimation uncertainty (continued)
The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects the current and future periods.

In the view of the Board, other than as stated below, no assumptions concerning the future or estimation uncertainty affecting assets and liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year:

Providing for doubtful debts -The estimate for receivables relates to the recoverability of the balances outstanding at the year end. A review is performed on an individual debtor basis to consider whether each debt is recoverable.

Tangible fixed assets - Tangible fixed assets are depreciated over their useful lives taking into account residual values, if appropriate. The actual lives of the assets are assessed annually and may vary depending on a number of factors.

Operating leases - whether leases entered into by the Company either as a lessee or lessor are operating leases or finance leases. These decisions depend on an assessment of whether risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

Impairment
As part of the continuous review of the performance of their assets, management identify any homes, or schemes, that have increasing void losses, are impacted by policy changes or where the decision has been made to dispose of the properties. These factors are considering to be an indication of impairment.

Where there is evidence of impairment, the fixed assets are written down to the recoverable amount and any impairment losses are charged to operating surpluses. As a result, we estimated the recoverable amount of its housing properties as follows:

(a) Determined the level at which the recoverable amount is to be assessed (i.e., the asset level or cash-generating unit (CGU) level). The CGU level was determined to be an individual scheme
(b) Estimated the recoverable amount of the cash-generating unit;
(c) Calculated the carrying amount of the cash-generating unit and
(d) Compared the carrying amount to the recoverable amount to determine if an impairment loss has occurred.

NOTES TO THE ACCOUNTS (Continued)

1. ACCOUNTING POLICIES - Continued

h. Critical accounting judgements and key sources of estimation uncertainty (continued)
The outcome of this assessment, has determined there is no impairment based on the future cashflows, the long-term contribution from which is positive.

Fair value measurement
Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets including investment properties. This involves developing estimates and assumptions consistent with how market participants would price the instrument or asset. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices.

i. Debtors

Short term debtors are measured at transaction price (which is usually the invoice price), less any impairment losses for bad and doubtful debts. Loans and other financial assets are initially recognised at transaction price including any transaction costs and subsequently measured at amortised cost determined using the effective interest method, less any impairment losses for bad and doubtful debts.

Rent debtors were assessed at the year end and the value held in the accounts is less any impairment losses for bad and doubtful debts.

j. Creditors
Short term creditors are measured at transaction price (which is usually the invoice price). Loans and other financial liabilities are initially recognised at transaction price net of any transaction costs and subsequently measured at amortised cost determined using the effective interest method.

k. Taxation
A current tax liability is recognised for the tax payable on the taxable profit of the current and past periods. A current tax asset is recognised in respect of a tax loss that can be carried back to recover tax paid in a previous period. Deferred tax is recognised in respect of all timing differences between the recognition of income and expenses in the financial statements and their inclusion in tax assessments. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and

NOTES TO THE ACCOUNTS (Continued)

1. ACCOUNTING POLICIES - Continued

k. Taxation (continued)

that are expected to apply to the reversal of the timing difference, except for revalued land and investment property where the tax rate that applies to the sale of the asset is used. Current and deferred tax assets and liabilities are not discounted.

l. Employee benefits

Short-term employee benefits and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred.

m. Leased assets

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases are classified as operating leases. The rights of use and obligations under finance leases are initially recognised as assets and liabilities at amounts equal to the fair value of the leased assets or, if lower, the present value of the minimum lease payments. Minimum lease payments are apportioned between the finance charge and the reduction in the outstanding liability using the effective interest rate method. The finance charge is allocated to each period during the lease so as to produce a constant periodic rate of interest on the remaining balance of the liability. Leased assets are depreciated in accordance with the company's policy for tangible fixed assets. If there is no reasonable certainty that ownership will be obtained at the end of the lease term, the asset is depreciated over the lower of the lease term and its useful life. Operating lease payments are recognised as an expense on a straight line basis over the lease term.

m. Pensions

WSHA operates the NEST defined contribution pension scheme. Contributions to the Association's defined contribution pension scheme are charged to the Statement of Comprehensive Income in the year in which they become payable.

NOTES TO THE ACCOUNTS (Continued)

2. TURNOVER, OPERATING EXPENDITURE AND OPERATING SURPLUS

	Year ended 30 September 2019 Turnover	**Year ended 30 September 2019 Operating expenditure**	**Year ended 30 September 2019 Operating loss**
	£	**£**	**£**
SOCIAL HOUSING LETTINGS (Note 3)	**19,416,412**	**(19,490,202)**	**(73,790)**
TOTAL	**19,416,412**	**(19,490,202)**	**(73,790)**

	18 Month period ended 30 September 2018 Turnover	18 Month period ended 30 September 2018 Operating expenditure	18 Month period ended 30 September 2018 Operating profit
	£	£	£
SOCIAL HOUSING LETTINGS (Note 3)	25,254,733	(29,971,316)	(4,716,583)
TOTAL	25,254,733	(29,971,316)	(4,716,583)

NOTES TO THE ACCOUNTS (Continued)

3. TURNOVER AND OPERATING EXPENDITURE

	Supported housing & housing for older people £	Care homes £	Year ended 30 September 2019 £	18 months ended 30 September 2018 £
INCOME				
Rent receivable net of identifiable service charges	15,225,303	3,273,257	**18,498,560**	21,402,022
Service charge income	525,080	3,462	**528,542**	895,351
Other income from Social Housing Lettings	389,310	-	**389,310**	2,957,360
TURNOVER FROM SOCIAL HOUSING LETTINGS	16,139,693	3,276,719	**19,416,412**	25,254,733
OPERATING EXPENDITURE				
Management	(486,120)	23,113	**(463,007)**	2,693,078
Service charge costs	603,029	22,910	**625,939**	715,365
Routine maintenance	(118,957)	(5,052)	**(124,009)**	482,843
Major repairs expenditure	78,317	(15,781)	**62,536**	80,776
Planned expenditure	90,182	1,307	**91,489**	446,266
Bad debts	4,209,340	-	**4,209,340**	4,308,154
Loss on disposal of motor vehicle	-	-	**-**	1,866
Write-off obsolete Assets	60,045	-	**60,045**	-
Depreciation	30,779	-	**30,779**	20,364
Rent to landlords and ground rent	11,156,131	2,983,914	**14,140,045**	20,055,299
Other costs	857,045	-	**857,045**	1,167,305
Operation expenditure on social housing lettings	16,479,791	3,010,411	**19,490,202**	29,971,316
OPERATING (DEFICIT)/SURPLUS ON SOCIAL HOUSING LETTINGS	**(340,098)**	**266,308**	**(73,790)**	**(4,716,583)**

NOTES TO THE ACCOUNTS (Continued)

3. TURNOVER AND OPERATING EXPENDITURE (continued)

Management costs and routine maintenance costs are showing as a credit as a result of credit notes issued to the Association for services previously provided.

Other costs include salaries, insurances, office costs, travel and legal and professional fees.

The bad debt provision at 30 September 2019 is high due to failures by the Association to collect rents in a timely and efficient manner. As detailed in the Strategic Report steps have since been taken to improve these processes.
It is not possible to retrospectively obtain a figure for void loss to disclose in the financial statements. Processes are in place to ensure this will be available for the 2020 financial statements. For a significant number of properties void losses are, in any event, recharged to the care provider.

4. ACCOMMODATION OWNED, MANAGED AND IN DEVELOPMENT

	2019		2018	
	No. of properties		No. of properties	
Social Housing	**Owned**	**Managed**	**Owned**	**Managed**
Under management at end of year:				
Supported housing and housing for older people	**1**	**236**	**1**	**274**
	1	**236**	**1**	**274**

NOTES TO THE ACCOUNTS (Continued)

5. GAIN/(LOSS) ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

	Fixtures and Fittings	**Year ended 30 September 2019**	18 months ended 30 September 2018
	£	**£**	£
Proceeds of sales	-	-	1,906
Less: Costs of sales	-	-	(3,773)
Loss	-	-	(1,866)
Write-off of Obsolete Assets	(60,045)	**(60,045)**	-

6. SURPLUS/(DEFICIT) ON ORDINARY ACTIVITIES

	Year ended 30 September 2019	18 months ended 30 September 2018
	£	£
The operating surplus is stated after charging/ (crediting):		
Audit fees	**15,000**	-
Accountants report	-	9,900
Operating lease rentals:		
Land and buildings	**14,140,045**	20,055,299
Depreciation of other fixed assets	**30,779**	20,364
Loss on sale of fixed assets	-	(1,866)
Write off of obsolete assets	**60,045**	-

NOTES TO THE ACCOUNTS (Continued)

7. TAX ON SURPLUS ON ORDINARY ACTIVITIES

	Year ended 30 September 2019	18 months ended 30 September 2018
	£	£
Analysis of tax charge/(credit) for the period		
Current tax		
UK corporation tax at 19.00%	-	-
Deferred tax		
Origination and reversal of timing differences	**(19,612)**	-
Tax on profit on ordinary activities	**(19,612)**	-
Provision for deferred tax	-	19,612
Fixed asset timing differences	-	19,612
Movement in provision:		
Provision at start of period	**19,612**	19,612
Deferred tax charged in the Profit and loss account for the period	**(19,612)**	-
Provision at end of period	-	19,612
Deferred tax (asset)/liability not recognised	**(816,176)**	-
Loss on ordinary activities before tax	**(73,790)**	(4,716,583)
Tax on loss on ordinary activities at standard CT rate of 19.00%	**(14,020)**	(896,150)
Effects of:		
Fixed asset differences	**1,130**	1,612
Expenses not deductible for tax purposes	**9,704**	379
Adjust closing deferred tax to average rate of 19.00%	**96,021**	92,128
Adjust opening deferred tax to average rate of 19.00%	**(90,954)**	2,064
Deferred tax not recognised	**(35,513)**	799,967
Tax charge/(credit) for the period	**(19,612)**	nil

NOTES TO THE ACCOUNTS (Continued)

8. TANGIBLE FIXED ASSETS	**Housing Properties**		**Other Fixed Assets**	
	Social Housing Properties For Letting-Completed	**Total Housing Properties**	**Fixtures and fittings**	**Total Other Fixed Assets**
COST				
At start of the period	182,964	**182,964**	184,447	**184,447**
Additions	-	-		-
Write off	-	-	(152,442)	**(152,442)**
At end of the period	182,964	**182,964**	32,005	**32,005**
DEPRECIATION AND IMPAIRMENT				
At start of the period	-	-	85,118	**85,118**
Charge for year	5,946	5,946	24,832	**24,832**
Write off	-	-	(92,397)	**(92,397)**
At end of the period	5,946	5,946	17,553	**17,553**
Net book value at end of the period	**177,018**	**177,018**	**14,452**	**14,452**
Net book value at start of the period	**182,964**	**182,964**	**99,329**	**99,329**

NOTES TO THE ACCOUNTS (Continued)

9. TRADE AND OTHER DEBTORS

	2019	2018
	£	£
Rent arrears	**6,887,487**	**3,896,981**
Less: provision for bad debts	**(4,033,131)**	**(1,068,291)**
Other debtors	**22,326**	**70,301**
Prepayment	**519,509**	**293,402**
	3,396,191	3,192,393

10. CASH AND CASH EQUIVALENTS

	2019	2018
	£	£
Cash at bank	**1,024,110**	387,428
	1,024,110	387,428

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	£	£
Trade creditors	**2,187,997**	2,851,820
Other taxation and social security payable	**14,632**	15,944
Accruals and deferred income	**2,061,478**	1,957,896
	4,264,107	4,825,660

12a. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2019	2018
	£	£
Loans	**4,000,000**	3,525,000
Corporation Tax provision	**-**	19,612
Scheduled Creditors Payments	**910,000**	-
	4,910,000	3,544,612

NOTES TO THE ACCOUNTS (Continued)

12b. DEBT ANALYSIS

	2019	2018
	£	£
Loans not repayable by instalments:-		
Within one year	-	800,000
In two years or more and less than five years	-	2,725,000
Greater than five years	4,000,000	-
	4,000,000	3,525,000

As at 30 September 2019 the loan is unsecured, interest free and repayable in one payment on 1 October 2023.

Since the year end the loan has been restated and is now, unsecured, interest free, repayable in instalments if annual profits in any year exceed £100,000 and to the extent that any balance remains outstanding is repayable in full on 1 January 2034.

13. STATEMENT OF FUNDS

	At 30th September 2018	Income	Expenditure	At 30th September 2019
	£	£	£	£
Total unrestricted funds	(4,508,158)	19,416,412	(19,470,590)	(4,562,336)
Total restricted funds	-			-
Total funds	(4,508,158)	19,416,412	(19,470,590)	(4,562,336)

NOTES TO THE ACCOUNTS (Continued)

14. OPERATING LEASES

The Company holds properties under non-cancellable operating leases. At the end of the period the Company had commitments of future minimum lease payments as follows:-

	2019	2018
	£	£
Land and buildings:		
Within one year	**9,915,250**	16,633,573
Between two and five years	**38,576,489**	66,534,293
Greater than five years	**128,871,841**	-
	177,363,580	83,167,866

The lease agreements do not include any contingent rent or restrictions. Leases for land and buildings include renewal periods after 15 years throughout the lease.

15. EMPLOYEES

	Year ended 30 September 2019	18 month period ended 30 September 2018
	£	£
Wages and salaries	**395,721**	644,298
Social security costs	**28,712**	58,232
Other pension costs	**6,812**	2,946
Total	**431,245**	705,476

Average monthly number of employees (calculated based on the mean of headcount):

Average number of Employees	**Year ended 30 September 2019**	18 month period ended 30 September 2018
	No	No
	13	17

NOTES TO THE ACCOUNTS (Continued)

16. KEY MANAGEMENT PERONNEL

	Year ended 30 September 2019	18 month period ended 30 September 2018
The remuneration paid to staff earning over £60,000 upwards is as follows:		
£90,001 to £100,000	-	2

	Year ended 30 September 2019	18 month period ended 30 September 2018
The Directors are defined as the Leadership Team	**£**	£
	Total	Total
Emoluments	**90,403**	231,809
Pension contributions	**1,360**	1,564
Total	**91,763**	233,373

The remuneration paid to key management personnel (salary, allowances, pension contributions) was £91,763 for 12 month period to September 2019 (18 month period 2018: £233,373).

The remuneration payable to the highest paid director in the 12 month period to September 2019, excluding pension and NI contribution, was £42,500 (18 month period 2018: £90,142).

The Chief Executive receives pension contributions equal to 3% of their salary. The pension scheme is a defined contributions scheme funded through rental income received.

The Chief Executive is an ordinary members of the pension scheme and no enhanced or special terms apply.

No compensation was made to any Directors or past Directors in relation to the period of account in respect of loss of office.

Details of payments made on Board Members on page 11 of the financial statements.

NOTES TO THE ACCOUNTS (Continued)

17. RELATED PARTIES

During the year the Company entered into the following transactions with related parties:

	2019	2018
	£	£
Fairhome Group PLC (Debtor)	**2,566**	41,250
Fairhome Group PLC (Creditor - Excluding Loan)	**(4,077,684)**	(2,301,750)
Fairhome Group PLC (Creditor - Credit note provision)	**3,903,197**	0
Fairhome Group PLC (Creditor - Loan)	**(4,000,000)**	(3,525,000)
	(4,171,921)	(5,785,500)

The nature of the relationship to Fairhome Group PLC during the year was the commonality of John Russell as Director until his resignation on 06/06/2019. The debtor balance at the year end is for amounts invoiced to Fairhome Group PLC for void cover. The creditor balance represents outstanding invoices for asset management services and a £4m loan facility (fully drawn).