

Charity Registration No. 1143046

Company Registration No. 07375502 (England and Wales)

RSL No. L4718

BESPOKE SUPPORTIVE TENANCIES LTD
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018

BESPOKE SUPPORTIVE TENANCIES LTD

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees David Poppitt
Hugh McCaw
Andrew Bailey
Marjorie Tutte
Stuart Connell (Appointed 20 March 2019)

Directors Kevin Appleby (Chief Executive Officer)
Shelly Hobbs (Chief Operations Officer)
Steve Boyd (Commercial Director)
David Poppitt
Hugh McCaw
Andrew Bailey (Appointed 20 March 2019)
Marjorie Tutte (Appointed 20 March 2019)
Stuart Connell (Appointed 20 March 2019)

Charity number 1143046

Company number 07375502

Homes and Communities Agency number L4718

Registered office 2A Sentinel House
Albert Street
Eccles
Manchester
M30 0NJ

Auditor McLintocks Partnership Limited
2 Hilliards Court
Chester Business Park
Chester
Cheshire
CH4 9PX

Bankers Santander
298 Deansgate
Manchester
M3 4HH

Unity Trust Bank plc
9 Brindleyplace
Birmingham
B1 2HB

Solicitors Woodcocks, Howarth & Nutall
12 Manchester Road
Bury
Lancashire
BL9 0DX

BESPOKE SUPPORTIVE TENANCIES LTD

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BESPOKE SUPPORTIVE TENANCIES LTD

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

The trustees present their report and financial statements for the year ended 30 September 2018.

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.

Current Strategy

In addition to the key objectives the trustees set the management team a strategy of controlled growth with the preference being significant portfolios that offer a high standard of accommodation with occupancy levels in line with our KPI's. We are pleased to announce that during the financial year ending 30 September 2018 we have acquired a number of new schemes including a portfolio of 199 which met our growth plans for 2018. We finished the year off with 1350 total units in management which the trustees view as hugely successful.

Tenant Numbers

Unit numbers under management to date total 1350, this is inclusive of 74 residential units. A true representation of tenancy units under management excluding residential units therefore totals 1276. The occupation of those units stands at 1084, that being 85% of units under management.

Management of those voids where applicable are funded by housing benefit at a rate of 8% known as Void Surcharge Allowances. In addition to this, through Sub Lease Agreements, Service Level Contracts and Nomination Agreements, our financial void liability totals "8" units. This is the number of units not covered under such agreements as highlighted above. Reflective of the arrangements above, our global financial void position totals 0.6%.

BESPOKE SUPPORTIVE TENANCIES LTD

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

FOR THE YEAR ENDED 30 SEPTEMBER 2018

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.

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;
- measurable 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 has adopted a Strategic Plan for 2019 -2022. This plan clearly articulates their strategic objectives. The strategic objectives identified earlier are focussed on improving our service offer to tenants, delivering more accommodation, focusing on improved value for money, driving efficiency, understanding and reducing operational costs , understanding the return from our assets and improving those returns.

Strategy

Our strategic approach to VFM is therefore driven by this Strategic Plan and the strategic objectives that are included. In addition we have a number of other policies that complement the plan and these include policies for VFM, procurement and development.

All members of the board are aware of the regulatory requirements in respect of the VFM standard and the expectations of the Regulator. They also understand the importance of being able to assess the financial and social return from our assets in order to achieve our objectives.

Responsibility and ownership

Certain of our staff have specific roles in monitoring and recording VFM. Nevertheless we see it as an integral part of everyone's role, and that includes board members as well as other staff. We are working together towards achieving our VFM objectives.

BESPOKE SUPPORTIVE TENANCIES LTD

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

FOR THE YEAR ENDED 30 SEPTEMBER 2018

Value for money (continued)

Reporting and communication

The Board are determined that all our trustees, staff, board members, tenants, leaseholders and partners receive regular information on our progress and performance. This is achieved by a variety of means including our monthly magazine and regular board reports and through our website and team meetings

Value for money metrics

As part of the new regulatory standard we are required to publish the metrics set out in the table below. The data has been calculated in accordance with Annex A of the Value for Money technical note issued with the VFM Standard.

	VFM Metrics	2018	2017	2016
1	Reinvestment %	50	26	75
2	New supply of social housing delivered %	27	22	23
3	Gearing %	101	100	99
4	EBITDA MRI	178	140	177
5	Headline social housing cost per unit £	8,537	8,543	8,148
6	Operating margin %	22	13	17
7	Return on capital employed	4	3	5

The definitions for each of these metrics were contained in the table published in September 2018.

BeST are currently developing a scorecard that is tailored to its needs so that it can not only match its performance against its own VFM targets and metrics set out by the Regulator, but also that of its peers. There is inevitably disparity across the sector in these targets and metrics and BeST believe it is appropriate to spend time and resource during 2018/19 to achieve this.

During 2017/18 BeST has had regard to VFM in everything it did as it attempted to achieve or exceed its measured growth plans, improve occupancy levels, reduce unnecessary direct costs and overheads, improve maintenance response times, improve its financial systems, improve its profitability and reserves, recruit key staff and yet still achieve its charitable objectives.

BESPOKE SUPPORTIVE TENANCIES LTD

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2018

Achievements and performance

During the year the charitable company achieved the following:

- Recruitment of staff into key areas of the organisation including HR, quality control, GDPR and revenues and benefits.
- A programme of learning and culture change over the summer months resulting in a more cohesive approach to problem solving.
- Commenced our first self-developed scheme (Thorntree Farm) due for completion in the summer of 2019.
- Created a dedicated revenue and benefits team to ensure delays in housing benefit claims are kept to a minimum ensuring our cash flow position is maximised.
- We have commenced working partnership with 40 new local authorities.
- We have forged new strategic partnerships delivering maintenance across the portfolio. This will help to achieve and exceed our service level KPI's and improve value for money.
- We have scoped out a new software provider to be commissioned in 2019 to give more transparent reporting and management of our housing assets in relation to maintenance.
- To maintain our measured growth plans during the year we considered various office accommodations to take us through the short to medium term with a planned move during the summer months of 2019.
- Two pieces of research looking into the provision of local support services in Salford and the provision of tenant advocacy has been completed to phase 1 stage.
- We took the opportunity to evaluate the benefits and salaries offered to our staff and introduced new initiatives to help with recruitment and retention.
- We started working with two new funders during the year which has spread the exposure across several funding entities which will help to maintain our growth strategy.
- Exploratory conversations have taken place looking at diversification into new markets for us although still linked to the core charitable objectives. The first of these will be tested during 2019.
- The charity achieved and in some cases exceeded its own key performance indicators on occupancy, direct costs as a % of income, salaries as a % of income, maintenance response targets and the charities target on surplus.

Financial review

The charity reported a surplus for the year of £448,478 (2017: Loss £405,898).

The Board is pleased to report, following the previous accounting period, that the charitable company has more than exceeded the projected turnover. The 2018 year end has shown considerable surplus based on the current portfolio.

We have once again upgraded infrastructure and increased its staffing resources to ensure sustainability throughout the financial year and beyond.

Quantifying the volume of business for 2018 depicts a more than favourable year again for BeST.

Having recently secured access to additional external funding BeST is well placed to meet and exceed its charitable objectives going forwards.

Aside of such transactions, we have a diverse approach as other business is secured through external developers under direct leasing arrangements. This element of the business has proved to be very successful and a profitable revenue stream.

The company suffers from the financial policy of having to account for its long lease property acquisitions under Financial Reporting Standard 102, which means that the revenue account has been charged with straight line depreciation over the primary lease period of properties amounting to £1,456,689 and front-loaded leasing finance costs, suitably converted using net present values of £2,472,599.

Had the company simply accounted for rental payments made as under operating leases then an operating surplus of £1,516,923 would have been generated. This resulting capitalisation differential of £1,068,445 has to be managed by us as it will be some years before this differential reverses and only then when the company slows down its property acquisition policy.

BESPOKE SUPPORTIVE TENANCIES LTD

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2018

Financial review (continued)

	Capitalised as fixed assets £	Decapitalised £
Income from lettings	13,513,931	13,513,931
Expenditure on lettings:		
Property maintenance	(1,539,283)	(1,539,283)
Leased property costs	(5,705,380)	(8,566,223)
Finance lease charges	(2,472,599)	-
Property depreciation	(1,456,689)	-
Support costs	(1,891,502)	(1,891,502)
Surplus for the year	<u>448,478</u>	<u>1,516,923</u>

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 been maintained throughout the year.

Risk management

The trustees has assessed the major risks to which the charitable company is exposed, and are satisfied that systems are in place to mitigate exposure to the major risks. A comprehensive Risk Management Policy covering areas such as Financial, Operational and Reputational risk is included within our Business Strategy. The charities risk register is a live document under the control of the Executive Team, is reviewed monthly and presented to the Board quarterly.

Internal control

Internal control mechanisms are in place and can be found as part of our Policy Handbook. In addition to that an Internal Audit Group is in the process of being secured from an outsourced professional to replace the current internal audit function. It is expected this will be in place during the financial year 2018/2019.

BESPOKE SUPPORTIVE TENANCIES LTD

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2018

Plans for the Future

There is no doubt that following the NROSH+ submission in May 2019 we will exceed 1,000 units in management and therefore will start to attract a more in-depth level of regulatory scrutiny in the future. The Board would, without doubt like to see a compliant rating although having said that they are not blinkered to the size of the task that a small charitable company achieving this level straight away will face.

To assist us in this area the board asked the Executive Team to initiate a pre-IDA assessment of its current position against the Financial and Governance Standard to ascertain a snapshot of the likely compliant position or otherwise. Campbell Tickell were briefed to undertake this piece of work and although a very light touch desk top exercise with evidence provided by the charitable company it has proven to be very useful and has provided some excellent insight into a number of areas BeST will have to focus on to achieve the desired ratings particularly during the current climate of regulation amongst small providers following the failings of some registered providers.

The charitable company during 2017-2018 continued to secure funds from a number of funders and has built closer relationships directly with those funders in line with the Board of Director's strategy. BeST has an appetite to continue to grow in a controlled way, its stock of units of accommodation, which will further strengthen its position.

During the year 2017/2018 the BeST invested in a culture change and repositioning programme with Alan Clayton Associates. This took the form of a 3-day residential programme of seminars for 14 staff members and the Chairman of BeST.

From this came a 12 month follow up series of seminars and events together with a full rebranding exercise which will see the charitable company relaunch itself in May 2019.

This is a very exciting time for the organisation and testimony to the forward-thinking vision of the Board.

Structure, governance and management

Governing document

The charitable company is limited by guarantee, incorporated 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 compliance

The Board confirm that this report has been prepared in accordance with the principles set out in para 4.7 of the 2014 SORP for Registered Social Housing Providers.

The Board of Director's confirm that they are not non-compliant with the Governance and Financial Viability Standard for the financial year end 30 September 2018. However, since the year end the charitable company have been placed on the grading under review (GUR) list. The Board of Trustees and Executive Management Team have welcomed engagement with the regulator and are committed to working alongside to ensure BeST are meeting the Regulatory standards.

List of trustees

The trustees, who are also the directors for the purpose of company law, and who served during the year and up to the date of signature of the financial statements were:

David Poppitt
Hugh McCaw
Andrew Bailey
Marjorie Tutte
Stuart Connell

(Appointed 20 March 2019)

BESPOKE SUPPORTIVE TENANCIES LTD

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2018

Voting rights

All members of the Board of Directors have full voting rights with the exception of the Executive Directors who are for clarity purposes the Chief Executive, Managing Director and Commercial Director. As they are actively involved with the day to day routine management of the charitable company, to ensure against these individuals asserting undue influence and control over the charitable company, they are only tasked with delivering the strategies set by the voting members of the Board of Directors and Trustees.

Recruitment and appointment of trustees

The charitable company has a policy in place (available upon request) in relation to the recruitment of trustees together with a guidance document in relation to the role of the trustee, expectations and the person specification.

All trustees are encouraged to attend the office of BeST particularly during the early months of tenure and of course visit a number of schemes with our housing officers as part of the induction process.

During the year the trustees have been allocated an area of operational involvement aimed at creating a far more in- depth knowledge of the sector to help further inform when decisions have to be made. This has been welcomed by the Executive Team and employees of the charitable company.

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 Practise 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; 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 charitable company's articles, a resolution proposing that McLintocks Partnership Limited be reappointed as auditor of the charitable company will be put at a General Meeting.

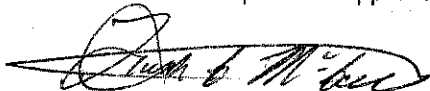
BESPOKE SUPPORTIVE TENANCIES LTD

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2018

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.



Hugh McCaw

Trustee

Dated: 22 March 2019

BESPOKE SUPPORTIVE TENANCIES LTD

INDEPENDENT AUDITOR'S REPORT

TO THE TRUSTEES 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 2018 which comprise the statement of financial activities, the balance sheet, the 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 2018 and of its incoming resources and application of resources, 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 SORP 2014 and the Accounting Direction for Private Registered Providers of Social Housing 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 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 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 TRUSTEES OF BESPOKE SUPPORTIVE TENANCIES LTD

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees' report; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

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

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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 TRUSTEES OF BESPOKE SUPPORTIVE TENANCIES LTD

Use of our report

This report is made solely to the charitable company's trustees, as a body, in accordance with part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charitable company's trustees 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 trustees 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 Partnership Limited**

22 March 2019

Chartered Accountants
Statutory Auditor

2 Hilliards Court
Chester Business Park
Chester
Cheshire
CH4 9PX

McLintocks Partnership Limited is eligible for appointment as auditor of the charitable company by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006

BESPOKE SUPPORTIVE TENANCIES LTD

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 30 SEPTEMBER 2018

	Notes	Unrestricted funds 2018 £	Restricted funds 2018 £	Total 2018 £	Total 2017 £
Income from:					
Donations and legacies	3	-	3,807	3,807	7,769
Charitable activities	4	13,513,931	-	13,513,931	9,279,723
Investments	5	469	-	469	347
Total income		13,514,400	3,807	13,518,207	9,287,839
Expenditure on:					
Charitable activities	6	13,050,079	15,976	13,066,055	9,693,737
Other		3,674	-	3,674	-
Total resources expended		13,053,753	15,976	13,069,729	9,693,737
Net income/(expenditure) for the year/ Net movement in funds		460,647	(12,169)	448,478	(405,898)
Fund balances at 1 October 2017		43,679	13,398	57,077	462,975
Fund balances at 30 September 2018		504,326	1,229	505,555	57,077

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

BESPOKE SUPPORTIVE TENANCIES LTD

BALANCE SHEET

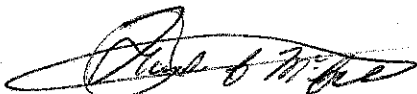
AS AT 30 SEPTEMBER 2018

	Notes	2018		2017	
		£	£	£	£
Fixed assets					
Tangible assets	11		71,629,365		37,551,791
Current assets					
Debtors	13	3,307,128		1,654,291	
Cash at bank and in hand		761,112		125,936	
		<u>4,068,240</u>		<u>1,780,227</u>	
Creditors: amounts falling due within one year	14	<u>(2,846,785)</u>		<u>(1,581,414)</u>	
Net current assets			1,221,455		198,813
Total assets less current liabilities			<u>72,850,820</u>		<u>37,750,604</u>
Creditors: amounts falling due after more than one year	15		<u>(72,345,265)</u>		<u>(37,693,527)</u>
Net assets			<u>505,555</u>		<u>57,077</u>
Income funds					
Restricted funds	16		1,229		13,398
<u>Unrestricted funds</u>					
Designated funds	17	75,000		-	
General unrestricted funds		<u>429,326</u>		<u>43,679</u>	
			<u>504,326</u>		<u>43,679</u>
			<u>505,555</u>		<u>57,077</u>

The trustees acknowledge their responsibilities for ensuring that the charity keeps accounting records which comply with section 386 of the Act and for preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its incoming resources and application of resources, including its income and expenditure, for the financial year in accordance with the requirements of sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the Trustees on 22 March 2019



Hugh McCaw
Trustee

Company Registration No. 07375502

BESPOKE SUPPORTIVE TENANCIES LTD

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2018

	Notes	2018		2017	
		£	£	£	£
Cash flows from operating activities					
Cash generated from operations	23		3,652,600		1,884,006
Investing activities					
Purchase of tangible fixed assets		(35,556,152)		(9,849,061)	
Interest received		469		347	
Net cash used in investing activities			(35,555,683)		(9,848,714)
Financing activities					
Finance lease additions		35,164,021		9,873,359	
Finance lease repayments		(2,630,152)		(2,229,441)	
Net cash generated from financing activities			32,533,869		7,643,918
Net increase/(decrease) in cash and cash equivalents			630,786		(320,790)
Cash and cash equivalents at beginning of year			89,370		410,160
Cash and cash equivalents at end of year			720,156		89,370
Relating to:					
Cash at bank and in hand			761,112		125,936
Bank overdrafts included in creditors payable within one year			(40,956)		(36,566)

BESPOKE SUPPORTIVE TENANCIES LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2018

1 Accounting policies

Charity information

Bespoke Supportive Tenancies Ltd is a private charitable 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 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 Companies Act 2006, the Housing and Regeneration Act 2008, the Housing SORP 2014: the Statement of Recommended Practice for Registered Social Housing Providers and the Accounting Direction for Private Registered Providers of Social Housing 2015. In addition to 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 (FRS102) (as amended for accounting periods commencing from 1 January 2016).

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.

The designated reserve is held in relation to funds set aside in a bank account in the event of non-payment of rent by a tenant. The total designated fund equates to six months rent payable.

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 2018

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 or valuation, net of depreciation and any impairment losses.

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

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.

1.8 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.

BESPOKE SUPPORTIVE TENANCIES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

1 Accounting policies

(Continued)

1.9 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 of 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.

1.10 Taxation

The company has charitable status and is therefore not subject to taxation.

1.11 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charitable company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Retirement benefits

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

BESPOKE SUPPORTIVE TENANCIES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

1 Accounting policies

(Continued)

1.13 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating 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.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease.

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 2018 was £3,225,093 (2017: £1,752,313)

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 2018

3 Donations and legacies

	Unrestricted funds	Restricted funds	Total	Total
	2018 £	2018 £	2018 £	2017 £
Donations and gifts	-	3,807	3,807	7,769
For the year ended 30 September 2017	7,769	-		7,769

4 Charitable activities

	2018 £	2017 £
Rent receivable	7,370,253	6,013,606
Property acceptance fees	1,333,659	260,714
Service charges	4,810,019	3,005,403
	13,513,931	9,279,723

5 Investments

	Unrestricted funds	Total
	2018 £	2017 £
Interest receivable	469	347

BESPOKE SUPPORTIVE TENANCIES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2018

6 Charitable activities

	2018 £	2017 £
Depreciation and impairment	1,456,689	1,043,617
Property maintenance	1,539,283	1,171,939
Leased property costs	5,705,380	4,340,435
Finance lease charges	2,472,599	1,633,858
Council tax	315,726	155,842
Execution of lease charges	35,235	43,471
	<u>11,524,912</u>	<u>8,389,162</u>
Support costs attributed (see note 7)	1,427,413	1,204,425
Governance costs attributed (see note 7)	113,730	100,150
	<u>13,066,055</u>	<u>9,693,737</u>
Analysis by fund		
Unrestricted funds	13,050,079	
Restricted funds	15,976	
	<u>13,066,055</u>	
For the year ended 30 September 2017		
Unrestricted funds		<u>9,693,737</u>

BESPOKE SUPPORTIVE TENANCIES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

7 Support costs	Support costs	Governance costs	2018	2017
	£	£	£	£
Staff costs	1,053,469	-	1,053,469	877,761
Depreciation	18,215	-	18,215	8,839
Office administration	158,823	-	158,823	126,757
Other staff costs	147,132	-	147,132	74,788
Motor, travel & subsistence	37,426	-	37,426	94,144
Sundries	10,892	-	10,892	19,417
Bank charges	1,020	-	1,020	1,228
Donations	436	-	436	1,491
Audit fees	-	15,948	15,948	14,737
Legal and professional	-	97,782	97,782	85,413
	<u>1,427,413</u>	<u>113,730</u>	<u>1,541,143</u>	<u>1,304,575</u>
Analysed between				
Charitable activities	<u>1,427,413</u>	<u>113,730</u>	<u>1,541,143</u>	<u>1,304,575</u>

8 Net movement in funds	2018	2017
	£	£
Net movement in funds is stated after charging/(crediting)		
Fees payable to the company's auditor for the audit of the company's financial statements	15,948	14,737
Depreciation of owned tangible fixed assets	18,215	8,839
Depreciation of tangible fixed assets held under finance leases	1,456,689	1,043,617
Loss on disposal of tangible fixed assets	3,674	-
	<u>1,494,536</u>	<u>1,067,193</u>

9 Trustees

£12,000 each was paid to trustees D G Poppitt and H McCaw in their role as director.

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

D G Poppitt £519 (2017: £961)
H McCaw £1,394 (2017: £1,648)

BESPOKE SUPPORTIVE TENANCIES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2018

10 Employees

Number of employees

The average monthly number of employees during the year was:

	2018 Number	2017 Number
Management	5	4
Administration	23	16
Directors	3	3
	<u>31</u>	<u>23</u>

Employment costs

	2018 £	2017 £
Wages and salaries	961,824	801,657
Social security costs	84,524	75,700
Other pension costs	7,121	404
	<u>1,053,469</u>	<u>877,761</u>

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

	2018 Number	2017 Number
£70,001 to £80,000	-	1
£90,001 to £100,000	2	1
£100,001 to £110,000	1	1
	<u>3</u>	<u>3</u>

BESPOKE SUPPORTIVE TENANCIES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

11 Tangible fixed assets	Leasehold property	Leasehold property improvements	Plant and machinery	Computers	Total
	£	£	£	£	£
Cost					
At 1 October 2017	39,245,751	-	21,170	37,183	39,304,104
Additions	35,452,868	84,297	9,166	9,821	35,556,152
Disposals	-	-	(2,356)	(3,442)	(5,798)
At 30 September 2018	74,698,619	84,297	27,980	43,562	74,854,458
Depreciation					
At 1 October 2017	1,730,582	-	7,357	14,374	1,752,313
Depreciation charged in the year	1,456,689	9,722	3,268	5,225	1,474,904
Eliminated in respect of disposals	-	-	(575)	(1,549)	(2,124)
At 30 September 2018	3,187,271	9,722	10,050	18,050	3,225,093
Carrying amount					
At 30 September 2018	71,511,348	74,575	17,930	25,512	71,629,365
At 30 September 2017	37,515,169	-	13,813	22,809	37,551,791
12 Financial instruments				2018	2017
				£	£
Carrying amount of financial assets					
Debt instruments measured at amortised cost				3,286,860	1,591,474
Carrying amount of financial liabilities					
Measured at amortised cost				75,161,760	39,251,952
13 Debtors				2018	2017
				£	£
Amounts falling due within one year:					
Rent and service charge arrears				1,601,571	434,415
Other debtors				1,685,289	1,157,059
Prepayments and accrued income				20,268	62,817
				3,307,128	1,654,291

BESPOKE SUPPORTIVE TENANCIES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

14 Creditors: amounts falling due within one year

	Notes	2018 £	2017 £
Bank overdrafts		40,956	36,566
Obligations under finance leases	19	927,627	572,897
Other taxation and social security		30,290	22,989
Trade creditors		445,246	171,565
Other creditors		358,778	149,216
Accruals and deferred income		1,043,888	628,181
		<u>2,846,785</u>	<u>1,581,414</u>

15 Creditors: amounts falling due after more than one year

	Notes	2018 £	2017 £
Obligations under finance leases	19	<u>72,345,265</u>	<u>37,693,527</u>

16 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:

	Movement in funds			Balance at 30 September 2018 £
	Balance at 1 October 2017 £	Incoming resources £	Resources expended £	
50/50 Club	<u>13,398</u>	<u>3,807</u>	<u>(15,976)</u>	<u>1,229</u>

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.

BESPOKE SUPPORTIVE TENANCIES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

17 Designated funds

The income funds of the charity include the following designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes:

	Movement in funds	
	Incoming resources	Balance at 30 September 2018
	£	£
Rent receivable	75,000	75,000
	<u>75,000</u>	<u>75,000</u>

Rent receivable

The designated reserve is held in relation to funds set aside in a bank account in the event of non-payment of rent by a tenant in relation to certain funding requirements. The total designated fund equates to six months rent payable.

18 Analysis of net assets between funds

	Unrestricted 2018	Restricted 2018	Total 2018	Total 2017
	£	£	£	£
Fund balances at 30 September 2018 are represented by:				
Tangible assets	71,629,365	-	71,629,365	37,551,791
Current assets/(liabilities)	1,220,226	1,229	1,221,455	198,813
Long term liabilities	(72,345,265)	-	(72,345,265)	(37,693,527)
	<u>504,326</u>	<u>1,229</u>	<u>505,555</u>	<u>57,077</u>

19 Finance lease obligation

Future minimum lease payments due under finance leases:

	2018	2017
	£	£
Within one year	927,627	572,897
Within two and five years	4,483,821	2,555,682
In over five years	67,861,444	35,137,845
	<u>73,272,892</u>	<u>38,266,424</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 2018

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:	2018	2017
	£	£
Within 1 year	4,186,714	3,523,488
Between 1 and 5 years	15,326,504	13,670,365
After more than 5 years	49,531,523	46,903,515
	<u>69,044,741</u>	<u>64,097,368</u>
Other:	2018	2017
	£	£
Within 1 year	6,243	6,243
Between 1 and 5 years	11,362	17,124
	<u>17,605</u>	<u>23,367</u>

21 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2018	2017
	£	£
Aggregate	<u>378,807</u>	<u>377,048</u>

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

The greatest individual remuneration of any of the key management personnel totalled £113,214.

During the period the charitable company made arms length purchases of £6,177 (2017: £14,303) from Income Generation Limited, a company in which trustee Mr D G Poppitt is the sole director and shareholder, At the balance sheet date £1,270 was outstanding (2017: £1,517).

During the period the charitable company incurred arms length consultancy services of £24,000 (2017: £20,000) from trustee Hugh C McCaw FinstF Consultancy. At the balance sheet date there was no balance outstanding (2017: £Nil),

In addition £12,000 each was paid to trustees D G Poppitt and H McCaw in their role as director.

22 Ultimate controlling party

The company is limited by guarantee and as such has no shares. The ultimate controlling party is the trustees.

BESPOKE SUPPORTIVE TENANCIES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

23 Cash generated from operations	2018	2017
	£	£
Surplus/(deficit) for the year	448,478	(405,898)
Adjustments for:		
Investment income recognised in statement of financial activities	(469)	(347)
Loss on disposal of tangible fixed assets	3,674	-
Depreciation and impairment of tangible fixed assets	1,474,904	1,052,456
Interest and finance costs	2,472,599	1,633,858
Movements in working capital:		
(Increase) in debtors	(1,652,837)	(829,127)
Increase in creditors	906,251	433,064
Cash generated from operations	<u><u>3,652,600</u></u>	<u><u>1,884,006</u></u>