

Charity Registration No. 1143046

Company Registration No. 07375502 (England and Wales)

RSH Registration No. L4718

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

# BESPOKE SUPPORTIVE TENANCIES LTD

## LEGAL AND ADMINISTRATIVE INFORMATION

---

|                 |  |  |
|-----------------|--|--|
| <b>Trustees</b> | Andrew Bailey<br>Thomas Miskell<br>Stephen Goss<br>Paul Galloway<br>Philip Eby<br>Majida Taha<br>Susan Connell<br>David Pappas<br>Hugh McCow<br>Kevin Aspinall<br>Shelley Hobbs<br>Steve Royal | (Appointed 20 March 2019);<br>(Appointed 10 August 2019)<br>(Appointed 15 August 2019)<br>(Appointed 15 August 2019)<br>(Appointed 15 August 2019)<br>(Appointed 20 March 2019 and resigned 9 February 2020)<br>(Appointed 20 March 2019 and resigned 25 September 2019)<br>(Resigned 1 March 2020)<br>(Resigned 10 February 2020)<br>(Resigned 1 July 2018)<br>(Resigned 1 July 2019)<br>(Resigned 1 July 2018) |
|-----------------|--|--|

**Executive Team** Kevin Aspinall (Chief Executive Director) (Resigned 1 March 2020)  
Shelley Hobbs (Managing Director)  
Steve Royal (Commercial Director)  
Andrew Bailey (Finance Director) (Appointed 1 July 2019)

**Charity number** 1140042

**Company number** 07073002

**VAT number** 424555

**Registered office** 2A Sefton House  
Albert Street  
Liverpool  
Merseyside  
L3 0JN

**Auditor** Mr Hobbs (NV) Limited  
2 Hill Lane Court  
Chester D. Glass Park  
Chester  
Cheshire  
CH4 6PX

**Bankers** Bank of Ireland  
185 Watergate  
Liverpool  
L3 0JN

Unity Trust Bank plc  
8 Elm Tree Square  
Birmingham  
B1 2-8

**Solicitors** Weir Astor, Hewson & Nield  
12 Manchester Road  
Bury  
Lancashire  
BL9 9JX

---

# BESPOKE SUPPORTIVE TENANCIES LTD

## CONTENTS

---

|                                   | Page    |
|-----------------------------------|---------|
| Chair's foreword                  | 1       |
| Director's report                 | 2 - 9   |
| Independent auditor's report      | 10 - 21 |
| Statement of comprehensive income | 23      |
| Statement of financial position   | 24      |
| Statement of movements in equity  | 25      |
| Statement of cash flows           | 26      |
| Notes to the financial statements | 27 - 31 |

---

# BESPOKE SUPPORTIVE TENANCIES LTD

## CHAIR'S FOREWARD

FOR THE YEAR ENDED 30 SEPTEMBER 2019

---

The 2019/20 financial year ended despite being by far the most Supportive Tenancies as it seeks to comply with the demands of the Regulator of Social Housing.

The Chair has been working hard to rectify the problems and issues with the Regulator. The Board has been strengthened, with the appointment of four members who were inexperienced, three from within the social housing sector. An action plan to address the issues has been developed and a deal with the Regulator. The Charity has been making progress against the plan with many of the more urgent elements in phase one having been completed.

Like its fellow non-profit providers the Charity is working to a business model that provides challenge due to the mismatch of short term contracts for income from supported housing with a real long term exposure to finance and operational costs. The Board is aware of these issues and is working hard on developing a more robust and prudent business plan and financial model.

The work on improving the regulatory compliance of the Charity has naturally resulted in other aspects of the business being reviewed and financial goals set as the diagnostic phase. The outcome from the diagnostic phase will be used to plan the next year.

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

The Charity's registered levels of transparency have resulted in some unhelpful details being reported clearly within the next to these accounts.

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

Nonetheless, the Chair returns on an interim basis and, with the support of formal and informal Board members, we are determined to see the Charity complete its primary social regulatory compliance so that it can focus on its core charitable objectives and deliver much needed housing accommodation within the supported housing sector for vulnerable individuals. Going forward, significant work can be achieved if this can be achieved in an efficient and cost-effective manner. Working with our stakeholders, we plan to tackle some of our operational weaknesses and hope that we can secure a financially viable future for Bespoke Supportive Tenancies.

---

Thomas Mitchell  
Interim Chair  
October 2019

# BESPOKE SUPPORTIVE TENANCIES LTD

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 30 SEPTEMBER 2019

The Trustees present this report and financial statements for the year ended 30 September 2019.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charitable company's Memorandum & Articles, the Companies Act 2006, Regulator of Social Housing and Accounting and Reporting by Charities Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (as amended for accounting periods commencing from 1 January 2015).

### Objectives and activities

#### Aim

The principal object of Bespoke Supportive Tenancies (BST) (the charitable company), as set out in its Memorandum and Articles, is to provide accommodation for vulnerable adults in particular with support providers. BST works closely with service providers such as local authorities, Housing Local Authorities, Housing Benefit Departments, Care and Support providers and a number of private care/profit companies to identify tenant requirements for suitable accommodation (where necessary) that can be accessed for the special requirements of such the needs of our tenants.

#### Principal activity

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

#### Public benefit

The Charities Act 2006 identifies two key aspects of public benefit, namely that there must be 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 and duties, consider that they have complied with their duty to have regard to the public benefit or benefits resulting from the Charity's activities.

The Trustees have read the recent guidance issued by the Charity Commission in deciding what activities the charitable company should undertake.

### Strategic Review

#### Regulatory position

The year has been one of regulatory heavy engagement. The Charity was issued with Regulatory Notices on non-compliance of the Governance and Financial Viability Standards in May 2019 and with the Fitness Standards in August 2019. Since the initial regulatory Notices, the Charity has worked closely with the regulator to identify the extent of its issues and address them and to plan progressive recovery items.

The Charity has not been given a grading since exceeding the 1,000 in Liabilities and an F-Rating Assessment and has not yet been carried out and as a result of the Regulator's findings under Review 1d. The weaknesses identified within the Regulatory Notices and confirmed during the organisation's own self-assessments against the Regulatory Standards, provide a clear indication that the Charity does not meet the necessary standards required by a regulated provider.

The Charity acknowledged that there were key weaknesses at Board level in terms of governance and an understanding of its responsibilities within the Regulatory Framework. Four quarterly board recovery plans were agreed within the social housing recovery plan presented to the Board, which has strengthened Board capability. A detailed action plan or works has been agreed with the Regulator and with the support of external experts, the Charity has a risk mitigation framework addressing its regulatory non-compliance.

# BESPOKE SUPPORTIVE TENANCIES LTD

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

FOR THE YEAR ENDED 30 SEPTEMBER 2019

### Operations

The Charity ended the year with 1,408 units of accommodation, which was a growth rate of 25% on the previous year. The portfolio was split between 1,473 units of supported living accommodation and 231 registered care units.

Our landmark project 'Thornloe Farm' was essentially complete during the year and is due to be handed over in March 2020 once final works have been completed. This scheme provides 23 units of accommodation for disabled adults, with responsibility for care and an onsite facility offering educational opportunities for young disabled.

The growth plans envisaged in the plan by the Charity had seen its stock profile mature, and with a high demand with a mixture of shared and self-contained accommodation. The regulatory engagement and increasing awareness of the Regulator's concerns about the lease based model has resulted in the Charity taking stock of its position and re-evaluating on consolidation rather than growth, as it has improved processes and systems in place to meet regulatory requirements and step out the Charity on a more robust and secure financial footing.

During the year, the Charity has strengthened various departments with the addition of senior staff and external expertise including finance, business health and safety, insurance and benefits and HR, etc.

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

Significant improvements to the governance processes and systems have been made and the new Board members' and staff, staff general assemblies that have been accepted had been missing previously.

### Year Ahead

The Board have clearly stated that the focus is on securing the future of the Charity and this can only be achieved by ensuring that it is financially robust and operates with integrity. Growth in additional units has been limited to a few schemes where the Charity was contractually committed. This will see a small number of units added during 2019-20, of which 23 will be funded through business rates and the other 21 are operating losses.

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

- Implement the ICAEW financial modelling tool.
- Undertake detailed asset liability and cashflow recovery plans to demonstrate the financial viability of the organisation.
- Increase day to day management both a strategic and operational level, through embedding the new risk management policy.
- Develop a full asset and liability register to provide a clear understanding of the Charity's portfolio of leases.
- Implement a robust and clear compliance reporting and monitoring system.
- Develop a full suite of governance policies and documentation that are fit for purpose.
- Review structures, business and processes across the organisation to ensure that they are fit for purpose.

The organisation will also want to relocate its offices to suitable offices after a short holidaying period of self-reflection. A revised and robust risk register will be developed over the next few months which will provide clear and measurable outcomes and be supported by a robust and fully tested audit risk plan.

The long term aim is to secure the challenges ahead, particularly during this period of economic uncertainty surrounding Brexit and the spread of the coronavirus, and as a result the Board and staff are committed to the principle of delivering quality accommodation to vulnerable adults who need to access their own self support in high quality and well-maintained units of accommodation.

# BESPOKE SUPPORTIVE TENANCIES LTD

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2019

### Financial Review

The club has recorded a deficit for the year of £149,918 (2018: Profit £440,475)

There has been a 28% increase in the number of units this year, with the number of units sold 1706 in September including 207 registered units. The occupancy rate was 100% throughout the year with a constant demand 85% and all 100% of the units are covered by nominal agreements.

There has been an increased review of the balance sheet this year which has led to a more prudent view taken on items such as stocks and debtors with increased provisions provided for the same.

The financial results reflect a challenging year adversely impacted by a combination of increased running costs including £0.8m in maintenance, £0.6m fuel debt payment, £0.6m increased staffing and £0.2m increased advertising. The board has been stretched and financial management streamlined to help ensure the organisation moved back into a profitable position.

### Reserves policy

The club policy that unreserved funds which have not been designated for a specific use should be maintained at a level between 3 and 6x of income. The trustees considered the reserves in the financial statements for the year and concluded they will maintain this level to continue with their current activities.

The level of reserves has not been maintained throughout the year. Whilst the priority remains to pay a cash dividend, the reserves have been adversely impacted by the accounting treatment of the maintenance whereby there are high charges for maintenance in the early years which increase as the lease matures.

### Value for Money

#### Introduction

B&S 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 the regulator provides the guidance 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. Key stakeholder must:

- clearly articulate their strategic objectives;
- have an approach agreed by their board to achieving VfM in meeting their objectives and demonstrate delivery of VfM to stakeholders;
- through their strategic objectives, articulate their strategy for delivering services, the need a range of services;
- ensure that optimal benefit is derived from resources and assets and optimise a service's efficiency and effectiveness in the delivery of their strategic objectives.

Ensure executive directors the following:-

#### 2.1 Registered provider must demonstrate:-

- A robust approach to achieving VfM – this must include a robust approach to decision making and a rigorous approach of robust systems for measuring performance;
- any business approach considered on by the board of potential VfM gains – this must include full consideration of costs and benefits of alternative commercial, organisational and delivery structures;
- examination of VfM across the whole organisation and where they invest in services or ongoing activity they should consider whether this generates net net commensurate to the risk involved and public concern where this is not the case;
- that they have appropriate targets in place for measuring performance in achieving VfM in delivering their strategic objectives and that they regularly monitor and report their performance against these targets.

# BESPOKE SUPPORTIVE TENANCIES LTD

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

### Value for Money

#### Introduction (continued)

2.2 Registered providers must annually submit evidence of its value for money to the Regulator to understand the provider's:

- performance against its own VFM targets and any issues identified by the Regulator and how the provider has responded to them;
- measurable plans to address any areas of under performance, including clearly stating any areas where it will not be appropriate to do so and the rationale for this.

#### How do we approach VFM?

BSST is undergoing a significant change programme as it works through its agreed improvement plan with the Regulator. Improve value for money and performance data collection and reporting is a major element of the plan. The Board acknowledges that it currently does not have the level of visible financial and performance data to enable it to make strategic value for money decisions. The establishment of a 30 year business plan and an improved performance management framework will enable BSST to view the organisation forward and measure its actual performance.

#### Value for Money metrics

The Board acknowledges that the organisation currently does not meet the full requirements of the VFM Standard. BSST currently does not have a performance management framework linked to its strategic objectives. In recent years BSST has focused on growing the business and achieving economies of scale. This will be completed as part of the business plan in 2019. Therefore, BSST has only reported against the VFM metrics set out by the Regulator:

| BSST VFM Metrics                              | BSST 2016 | BSST 2017 | BSST 2018 | BSST 2019 |
|---|-----------|-----------|-----------|-----------|
| Relet/lettings %                              | 15%       | 36%       | 53%       | 52%       |
| New supply delivered (social housing units) % | 23%       | 22%       | 27%       | 16%       |
| New supply delivered (market housing units) % | 0%        | 0%        | 0%        | 0%        |
| Spending %                                    | 9.4%      | 10.2%     | 10.1%     | 10.1%     |
| EBITDA/EBITDA cover %                         | 17%       | 140%      | 178%      | 178%      |
| Headline social housing cost per unit         | £11,115   | £1,641    | £1,587    | £5,500    |
| Operating Margin (before financials) %        | 17%       | 13%       | 22%       | 17%       |
| Operating Margin (overall) %                  | 17%       | 13%       | 22%       | 17%       |
| Return on capital employed (ROCE)             | 0%        | 0%        | 4%        | 0%        |

The new Finance Committee at BSST has undertaken a detailed review of the workings behind the VFM Metrics provided in this previous year and has identified that the methodologies used were flawed for some metric calculations. Following the 2018 audit exercises in the Finance Committee:

- New supply (social housing units) – 36% (previously 23%)
- EBITDA – 140% (previously 17%)
- Headline social housing cost per unit – £1,641 (previously £11,115)

The key movements in the metrics between 2017 and 2018 relate to relet/lettings, new supply and headline social housing cost per unit. The relet/lettings and new supply movements were taken on with a result of 3% new supply. Due to the nature of our business we had ceased operations and relet/lettings by the end of the year as we have always been in with the seven growth there has been no financial requirement for capital investment in the finance lease accounts.

The movement in the headline social housing cost reflects the movement by BSST in staffing and other costs in the year to date. The year to date has seen rapid growth. This has been partly offset by the increase in operating cost units which are not accounted for in any of the value metrics. The finance team has not had a more accurate cost per unit in both years but we have not revised 2018 and 2017. Cost per unit has increased by only 0.3% over the last 3 years, a significant increase including and arguably due to economies of scale.



# BESPOKE SUPPORTIVE TENANCIES LTD

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

FOR THE YEAR ENDED 30 SEPTEMBER 2019

### Value for Money analysis (continued)

As the organisation takes forward its new five year business plan based in J100X, which enables the audited targets for the 2020 and 2021 financial years.

| BOST RBH VFM Metrics                              | Actual | Forecast | Forecast |
|---|--------|----------|----------|
|   | 2019   | 2020     | 2021     |
| Reinvestment %                                    | 0.1%   | 0.0%     | 0.2%     |
| New supply delivered (Social Housing Units) %     | 0%     | 18%      | 0%       |
| New supply delivered (Non social Housing Units) % | 0%     | 2%       | 0%       |
| Leasing %   | 101%   | 100%     | 104%     |
| EBITDA VFM Interest cover %                       | 148%   | 141%     | 157%     |
| Headline social housing cost per unit             | £2,800 | £10,250  | £10,500  |
| Operating Margin (social housing) target %        | 17%    | 14%      | 17%      |
| Operating Margin (overall) %                      | 17%    | 14%      | 16%      |
| Return on capital employed (ROCE)                 | 0%     | 0%       | 0%       |

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

The performance over the next couple of years is also consistent with the new year with the completion of the headline social housing cost per unit. This reflects a more accurate picture of BOST's ongoing cost base covering its responsibilities in relation to maintenance and health and safety compliance.

Of the £8,200 headline unit cost, £6,148 relates to lease payments. Traditional debt funded RPs would not use a lease based model to fund social housing and therefore the cost per unit is £2,052, which compares more favourably with the average median unit cost for the wider industry.

Several local suppliers, mainly providers are an integral part of our business model. The role of providers within the regulator's Global Access as their names do not fit the norm for the rest of the sector. BOST has decided to look at making digital specific leased based assets with over 1,000 units. This will provide meaningful side benchmarking, without the need to consider finances arising from their operating models.

| RBH VFM Metrics 2019                              | Private Housing Ltd | Social (UK) Ltd | Service HA (Overall) Ltd | Local Housing Ltd | Leasing Ltd | EBITDA VFM |
|---|---------------------|-----------------|--------------------------|-------------------|-------------|------------|
| Reinvestment %                                    | -                   | -               | 0.1%                     | 0.0%              | 0%          | 0.1%       |
| New supply delivered (Social Housing Units) %     | 0%                  | -               | 0%                       | 19.0%             | 20.5%       | 0%         |
| New supply delivered (Non social Housing Units) % | 0%                  | -               | 0%                       | 0%                | 0%          | 0%         |
| Leasing %   |                     |                 | 9.6%                     | 48.5%             | 59.5%       | 101%       |
| EBITDA VFM Interest cover %                       |                     |                 | 104.2%                   | 216.5%            | 15,028.5%   | 148%       |
| Headline social housing cost per unit             | £2,046              | £2,450          | £10,100                  | £5,450            | £10,200     | £2,208     |
| Operating Margin (social housing) target %        | 0.0%                | 3.6%            | 0.6%                     | 22.0%             | 5.3         | 17%        |
| Operating Margin (overall) %                      | 0.1%                | 3.8%            | 0.4%                     | 21.7%             | 3.5%        | 17%        |
| Return on capital employed (ROCE)                 | 31.2%               | 85.0%           | 0.2%                     | 4.4%              | 22.0%       | 0%         |

# BESPOKE SUPPORTIVE TENANCIES LTD

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2019

### Value for Money matters (continued)

BcST's performance against its peers is mixed and can only be evaluated in the context of a positive or negative change of the business model. In 2019/20, BcST did not receive any new supply unlike three of its peers, which may have contributed to its poor performance against its peers in relation to the number of people employed. BcST does have a healthy operating margin, with only Section Lane housing having a better net margin. With such varied costing and EBITDA ratios it is difficult to have a meaningful comparison across providers.

The operating cost to value then operating margin that appears surprisingly comparable to the headline social housing cost per unit. BcST's costs of living in the middle of its peers, with the cost of living in a private and in the year and the operating cost spread of the houses being managed with good performance. However, further work arising from the regulatory engagement that the organisation is undergoing may see cost rise in 2019/20, annualising a cost of 10p, due to being a residential provider in the new rules, especially in terms of regulatory and legislative requirements.

### Governance

The Board of Trustees has appointed a fit and proper persons committee to deliver the policy set within the Fit and Proper Committee.

The Regulatory Notice issued in May 2018 by the Regulator held that BcST was non-compliant with the Governance and Financial Stability Standard. A Further Regulatory Notice was issued in August 2018 stating that BcST had breached the Home Standard and there was the potential of serious detriment to BcST's tenants. Since then the Charity has been working through a compliance review improvement plan to achieve full compliance. The Board has been strengthened with new board members with extensive sector experience.

A Regulatory Task & Finish Group has been established to oversee the action plan established to deal with the weaknesses in the future. The Group has worked as the main point of contact during the regular engagement with the Regulator. The work of the Group is reported back to the Board at each meeting, ensuring that the Board remains fully engaged with the work.

The Charity undertook a full self-assessment against the economic and consumer concerns set by the Regulator in the interim. As expected following the Regulatory Judgments issued during the year, the self-assessment identified further areas of improvement for the Charity to work on. It is now the Regulatory Statements that the Board has put in place a robust action plan, which will be reported against on a regular basis.

The Board has accepted the 2018 FSC Code of Governance and a full self-assessment against the Code was carried out after the year end. The self-assessment resulted in the Board identifying a number of areas of improvement to be by the Charity to fulfil compliance and an action plan has been developed to ensure that BcST is able to continue full compliance with the Code in its 2019/20 financial statements.

The Board acknowledges that the Charity has a significant amount of weaknesses in compliance with the Regulatory Statements and the FSC Code of Governance. These weaknesses have been recognised by the Board and changes have occurred at Board level which have seen a new situation being seen. The Board now has a clear strategy to improve its regulatory compliance and maintain the organisation's financial stability.

### Risk management

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

The Board will be working through the risk register with a year and quarterly update for taking on risk. With the extensive work being undertaken around the Charity's long term financial planning, the Board has reviewed the significant risks and is working to ensure that these are being

# BESPOKE SUPPORTIVE TENANCIES LTD

## TRUSTEES' REPORT (INCLUDING DIRECTOR'S REPORT) (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2019

### Risk Register

The corporation is developing its risk management framework. Controls and indicators are being developed for each of these risks.

| Risk | Risk Category       | Short Description              | Net Risk Score |
|------|---------------------|--------------------------------|----------------|
| 1    | Legal & regulatory  | Breach of Regulatory Standards | 20             |
| 2    | financial stability | Loan exposure                  | 20             |
| 3    | Health & safety     | London compliance              | 20             |
| 4    | Financial stability | Welfare reform                 | 16             |
| 5    | Financial stability | Rising costs                   | 16             |
| 6    | Asset management    | UK market value                | 10             |
| 7    | Asset management    | Property market conditions     | 5              |
| 8    | Legal & regulatory  | Policy reform                  | 5              |
| 9    | Trading Operations  | Partners                       | 19             |
| 10   | Health & safety     | London compliance              | 18             |

### Internal control

The Board acknowledges its overall responsibility for establishing and maintaining an effective system of internal control in order to safeguard its interests.

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

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

- A clear delegation framework approved by the Board
- Quarterly review of the strategic risk register by the Board.
- Governance steering and ongoing process which sets clear objectives, agrees plans and allocates resources.
- Regular financial monitoring by the Board
- Regular compliance monitoring.
- Clearly established communication and approval procedures for sign board new initiatives
- A strong and broad culture supported by whistleblowing and anti-fraud policies.
- Data protection and cybersecurity covering all aspects of the Charity's activities.
- Formal recruitment, retention and training policies for Board.

The small size of the Charity and the particular circumstances of the COVID-19 have made firm financial monitoring difficult and the Board has been working on providing a variety of informal feedback mechanisms to ensure that the tenants voices is captured and listened to.

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

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

# BESPOKE SUPPORTIVE TENANCIES LTD

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2019

### Structure, governance and Management

#### Governing document

The charitable company was incorporated in the UK on 17 September 2010 and registered as a charity on 22 July 2011. The charitable company was established under a Memorandum of Association which sets out the objects and powers of the charitable company and its governance under its Articles of Association. In the event of the charitable company being wound up members are required to contribute an amount not exceeding £10.

#### Statement of Trustees' responsibilities

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

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

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

- select suitable accounting policies and then apply them consistently;

- observe the methods and principles in The Charities SORP, Housing SORP 2014, Statement of Recommended Practice for Registered Social Housing Providers and the Accounting Director for Private Registered Providers of Social Housing 2016;

- make judgements and estimates that are reasonable and prudent;

- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue to exist.

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 with the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Director for Registered Providers of Social Housing 2016. They are also responsible for safeguarding the assets of the charitable company and taking reasonable steps for the prevention and detection of fraud and other irregularities.

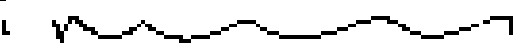
#### Auditor

In accordance with the company's articles, a resolution proposing Mr. Vidutskas (RSC) Limited be reappointed as auditor of the company will be put at the Annual General Meeting. The audit service will be renewed after the Annual General Meeting.

#### Disclosure of information to auditor

Each of the trustees has confirmed that they have 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 and prevent information which would inhibit that the auditor is aware of such information.

The 2019 report was approved by the Board of Trustees on 3 March 2020.



Thomas Mickell  
Trustee

# BESPOKE SUPPORTIVE TENANCIES LTD

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF BESPOKE SUPPORTIVE TENANCIES LTD

#### Opinion

We have audited the financial statements of Bespoke Supportive Tenancies Ltd (the "company") for the year ended 30 September 2019 (the 2019) which comprise statement of comprehensive income, statement of changes in reserves, statement of financial position, statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and applicable to entities in the United Kingdom (Generally Accepted Accounting Practice).

#### Our opinion on the financial statements:

- In our opinion, the financial statements of the company for the year ended 30 September 2019 and of its income and expenditure for the year then ended:
  - have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and
  - have been prepared in accordance with the requirements of the Companies Act 2006 (the Housing and Regeneration Act 2015) and the Accounting Direction for Private Registered Providers of Social Housing 2015 (as amended October 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 explained in the Appendix to our report. In the context of the audit of a financial statements system 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 those 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, where:

- the business uses of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the business has a material uncertainty in the financial statements (any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to operate for the foreseeable future) of accounting for a period of at least, where applicable, the date when the financial statements are a financial year-end.

#### Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information, to 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

# BESPOKE SUPPORTIVE TENANCIES LTD

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF BESPOKE SUPPORTIVE TENANCIES LTD

Opinions on other matters prescribed by the Companies Act 2006

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

- The information given in the directors' report, which includes the directors' report prepared for the purposes of company law for the financial year for which the financial statements are prepared, is consistent with the financial statements and
- the directors' report has been prepared in accordance with applicable accounting standards.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its activities obtained in the course of the audit, we have not identified any material misstatements in the directors' report included within the financial 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 arrangements have not been put in place or relevant procedures for our audit have not been followed from branches not visited by us; or
  - the financial statements are not in agreement with the accounting records and returns and certain disclosures of trustees' remuneration specified by law are not made; or
  - we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the usual accounting requirements of the usual companies exemptions in preparing the trustees' report and fulfil the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the statement of trustee 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 we have been well informed as to all material control issues. It is the trustees' responsibility to ensure that the preparation of financial statements has been free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are required to be satisfied as to the charitable company's ability to continue as a going concern, if so being, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees did a intend to liquidate the charitable company or to cease operations or have no other 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 if 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/whatwedo/our-work>. This description forms part of our auditor's report.

# BESPOKE SUPPORTIVE TENANCIES LTD

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF BESPOKE SUPPORTIVE TENANCIES LTD

---

#### Use of our report

This report is made solely to the individual company's members, as a body, in accordance with Chapter 5 of Part 10 of the Companies Act 2005. Our audit work has been undertaken so that we might state to the individual company's members (those members who are named in the report or a different report sent for any other purpose) to the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the individual company and the individual company's members collectively, for our work, or the report or for the opinions we have formed.



Michael Deputo FCA (Senior Statutory Auditor)  
for and on behalf of McLintock (UK) Limited

18 March 2020

Chartered Accountants  
Statutory Auditor

2 Herts Way  
Chester Business Park  
Chester  
Cheshire  
CH1 8PX

# BESPOKE SUPPORTIVE TENANCIES LTD

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2019

|  |       | 2019             | 2018           |
|--|-------|------------------|----------------|
|  | Notes | £                | £              |
| Turnover                                       | 1     | 18,705,751       | 17,575,851     |
| Operating expenditure                          | 2     | (18,195,062)     | (17,509,792)   |
| Operating surplus                              | 3     | 510,689          | 666,059        |
| Gain/(loss) on disposal of fixed assets        |       |                  | (5,074)        |
| Finance income/(expense)                       | 4     | 4,442            | 4,746          |
| Interest payable and other charges             | 5     | (8,773,327)      | (2,475,078)    |
| <b>Total comprehensive income for the year</b> |       | <b>(442,310)</b> | <b>410,723</b> |

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

All income and expenditure is derived from continuing activities.



# BESPOKE SUPPORTIVE TENANCIES LTD

## STATEMENT OF CHANGES IN RESERVES

FOR THE YEAR ENDED 30 SEPTEMBER 2018

|  | Notes | Unrestricted<br>reserves<br>£ | Restricted<br>reserves<br>£ | Total<br>£ |
|--|-------|-------------------------------|-----------------------------|------------|
| Balance of 1 October 2017                                | 16    | 48,802                        | 18,042                      | 66,844     |
| Surplus/(deficit) from statement of comprehensive income |       | 130,311                       | (72,182)                    | 58,129     |
| Balance of 30 September 2018                             | 16    | 179,113                       | 45,860                      | 224,973    |
| Balance of 1 October 2018                                | 16    | 524,535                       | 1,225                       | 525,760    |
| Surplus/(deficit) from statement of comprehensive income |       | (470,273)                     | (204)                       | (470,477)  |
| Balance of 30 September 2019                             | 16    | 58,262                        | 981                         | 59,243     |

# BESPOKE SUPPORTIVE TENANCIES LTD

## STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2019

|  | Notes | 2019               |                     | 2018               |                     |
|--|-------|--------------------|---------------------|--------------------|---------------------|
|  |       | £                  | £                   | £                  | £                   |
| <b>Fixed assets</b>  |       |                    |                     |                    |                     |
| Intangible assets  | 12    |                    | 60,706,171          |                    | 71,629,860          |
| <b>Current assets</b>  |       |                    |                     |                    |                     |
| Debtors  | 14    | 2,028,778          |                     | 3,950,198          |                     |
| Cash at bank and in hand                                       |       | 3,759,021          |                     | 701,712            |                     |
|  |       | <u>5,787,799</u>   |                     | <u>4,651,910</u>   |                     |
| <b>Creditors: amounts falling due within one year</b>          | 15    | <u>(3,981,020)</u> |                     | <u>(2,046,705)</u> |                     |
| <b>Net current assets</b>                                      |       |                    | <u>1,806,779</u>    |                    | <u>1,605,205</u>    |
| <b>Total assets less current liabilities</b>                   |       |                    | <u>71,532,950</u>   |                    | <u>72,993,020</u>   |
| <b>Creditors: amounts falling due after more than one year</b> | 16    |                    | <u>(71,006,711)</u> |                    | <u>(70,645,686)</u> |
| <b>Net assets</b>  |       |                    | <u>526,239</u>      |                    | <u>347,334</u>      |
| <b>Reserves</b>  |       |                    |                     |                    |                     |
| Retained reserves  | 17    |                    | 826                 |                    | 1,028               |
| Unrealised funds   |       |                    | 25,5                |                    | 504,928             |
|  |       |                    | <u>26,3</u>         |                    | <u>505,956</u>      |

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

Henry Mabel  
Trustee

Company Registration No. 07375502

# BESPOKE SUPPORTIVE TENANCIES LTD

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2019

|  | Notes | 2019        |             | 2018         |              |
|--|-------|-------------|-------------|--------------|--------------|
|  |       | £           | £           | £            | £            |
| <b>Cash flows from operating activities</b>                  |       |             |             |              |              |
| Change in net trade receivables                              | 24    |             | 8,151,243   |              | 1,751,243    |
| <b>Investing activities</b>                                  |       |             |             |              |              |
| Purchase of tangible fixed assets                            |       | (424,303)   |             | (36,953,102) |              |
| Interest received  |       | 1,102       |             | 104          |              |
| <b>Net cash used in investing activities</b>                 |       |             | (423,197)   |              | (36,848,998) |
| <b>Financing activities</b>                                  |       |             |             |              |              |
| Finance lease additions                                      |       |             |             | 35,164,021   |              |
| Payment of debt (principal and interest) on leases           |       | (4,058,181) |             | (2,082,102)  |              |
| <b>Net cash (used) / generated from financing activities</b> |       |             | (4,057,080) |              | (1,918,081)  |
| <b>Net increase in cash and cash equivalents</b>             |       |             | 3,636,965   |              | 833,245      |
| Cash and cash equivalents at beginning of year               |       |             | 730,158     |              | 89,913       |
| <b>Cash and cash equivalents at end of year</b>              |       |             | 3,754,021   |              | 723,158      |
| <b>Relating to:</b>  |       |             |             |              |              |
| Cash at bank and in hand                                     |       |             | 3,754,021   |              | 723,158      |
| Equivalents (included in amounts payable within one year)    |       |             |             |              | (40,000)     |

# BESPOKE SUPPORTIVE TENANCIES LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

### 1 Accounting policies

#### Legal status

Bespoke Supportive Tenancies Ltd is a company limited by guarantee, incorporated in England and Wales. The company is registered with the Homes and Communities Agency, as a Private Registered Provider of Social Housing (LR716). The company is registered charity (1143046) in England and Wales. The registered office is 24 Sentinel House, Albert Street, Eccles, Manchester, M30 0NL.

#### 1.1 Accounting convention

The financial statements have been prepared in accordance with the Housing (Accounting of Receipts) Regulations 2010, the Accounting (Director for Private Registered Providers of Social Housing) (Accounts) Regulations 2010, the Homes and Communities Agency (in 2019), the Housing (Regeneration Act 2008) the Financial Reporting Standards applicable in the UK and Republic of Ireland (FRS 102) and the requirements of Companies Act 2006.

The charitable company is a public benefit corporation 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 directors have a reasonable expectation that the charitable company has adequate resources to continue in operation and existence for the foreseeable future. In this period of 12 months from the date on which the reporting financial statements are signed, it is the trustees' intention to continue to conduct the general business of the charity in preparing the financial statements.

#### 1.3 Charitable funds

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

Restricted funds are subject to specific restrictions by reference 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 management fees, service charges and other income and other financial charges less from voids.

Rental income is recognised from the point when properties have been made available for occupation or otherwise become available for letting, and all any voids charges for support services funded under existing grants are recognised as they fall due under the cost accounting arrangements with contracting authorities.

Cash conditions are recognised as received. Other conditions are recognised once the charitable housing trust has met all of the conditions, unless performance conditions require a refund 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)

#### 1.1 Expenditure

Liabilities are recognised as expenditures as soon as there is a legal or constructive obligation concerning the entity to that expenditure, it is probable that a transfer of economic benefits will be required in order to settle the amount of the obligation can be measured reliably. Expenditure is accounted for a few years as assets and has been classified under headings that aggregate all costs related to the category. All the costs are accounted directly attributed to particular headings they have been allocated to activities on the basis consistent with the use of resources.

#### 1.2 Leasehold properties

Leasehold properties are accounted 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.

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

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

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

The club table company depreciates the major components of its housing properties over the following periods:

|                               |          |
|-------------------------------|----------|
| Roofing                       | 3 years  |
| Kitchens and bathrooms        | 7 years  |
| Normal furniture and fixtures | 10 years |
| Windows, doors and shutters   | 15 years |
| Roof, drainage and driveways  | 20 years |

#### 1.3 Other tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost less depreciation and any impairment losses.

The residual value is given an estimate of the cost of assets less their residual values over their useful lives on the following bases:

|                     |                                    |
|---------------------|------------------------------------|
| Plant and machinery | As variable interest-bearing loans |
| Buildings           | 23% of housing costs               |

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

# BESPOKE SUPPORTIVE TENANCIES LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

### 1 Accounting policies (Continued)

#### 1.8 Borrowing costs related to fixed assets

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

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

#### 1.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with a maturity of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current cash flows.

#### 1.10 Financial instruments

The grantable company has elected to apply the provisions of Section 9 'Basic Financial Instruments' and Section 12 'Other Financial Instruments' of FRS 102 to all its financial instruments.

Financial instruments are recognised in the grantable company's balance sheet when the grantable company becomes party to a contractual arrangement of the instrument.

Financial assets and liabilities are valued, with the net amount presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and the related asset or liability is not held solely 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. On day the arrangement constitutes a financing transaction where the transaction is measured at the present value of the future cash flows discounted at the market rate of interest. Financial assets classified as receivables will be amortised on a straight-line basis.

##### Basic financial liabilities

Basic financial liabilities (including overdrafts and loans) are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the arrangement is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payables within one year are not amortised.

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

Trade and other receivables are obligations to pay for goods or services that have been supplied in the ordinary course of operations from suppliers. Amounts payable which are due to be paid within one year are classified as current liabilities. Trade and other receivables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

##### Derogation of financial liabilities

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

# BESPOKE SUPPORTIVE TENANCIES LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

### 1 Accounting policies

(Continued)

#### 1.1 Leases

Assets held under finance leases are recognised as assets at the date of the acquisition and at the rate of depreciation and the present value of the minimum lease payments. The related liability is included in the balance sheet as a financial liability. Lease payments are apportioned between finance charges and reduction of the lease obligation using the effective interest method. Assets held under finance leases are included in tangible non-current 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 expenses incurred and in such case the group recognises annual lease expenses based on what is expected to be incurred by the lessee.

### 2 Critical accounting estimates and judgements

In the application of the charitable company's accounting policies, the directors 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 assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised unless the revision affects only that period or in the period of the revision and the periods where the revision affects both current and future periods.

#### Critical judgements

##### Usefulness of depreciable assets

Management reviews its estimate of the useful life of depreciable assets at each reporting date based on the expected utility of the asset. Some aspects of these estimates relate to technological developments which may change the utility of certain software and IT equipment, and the general design, market standards may require more frequent replacement of key components. Accumulated depreciation at 30th September 2019 was 15,581,408 (2018: 11,225,085).

##### Leasehold Property Improvements

Management reviews its estimate of the useful lives of depreciable assets in properties for which it has long term tenancy leases at each reporting date, based on the expected utility of the assets. Consideration in these estimates relate to estimated utility of the asset and the wear and tear and loss due to changes in the health and safety requirements in communal areas.

##### Impairment of debtors

Management makes an estimate of the recoverable value of trade and other debtors. When reviewing impairment of trade and other debtors, management considers data including the current credit rating of the debtor, the ageing profile of the debtors, the extent of any disputes and historical experience.

# BESPOKE SUPPORTIVE TENANCIES LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

### 3 Turnover, operating expenditure and operating surplus

|                                   |      | Turnover          | Operating<br>expenditure | Operating<br>surplus<br>(deficit) | Turnover          | Operating<br>expenditure | Operating<br>surplus/<br>(deficit) |
|-----------------------------------|------|-------------------|--------------------------|-----------------------------------|-------------------|--------------------------|------------------------------------|
|                                   | Note | 2018<br>£         | 2019<br>£                | 2018<br>£                         | 2018<br>£         | 2019<br>£                | 2018<br>£                          |
| Social<br>rental<br>affordability | 4    | 10,708,451        | (13,876,887)             | 3,169,564                         | 10,713,801        | (10,520,752)             | 2,204,140                          |
|                                   |      | <u>10,708,451</u> | <u>(13,876,887)</u>      | <u>3,169,564</u>                  | <u>10,713,801</u> | <u>(10,520,752)</u>      | <u>2,204,140</u>                   |



# BESPOKE SUPPORTIVE TENANCIES LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2019

### 4 Particulars of income and expenditure from social housing lettings

|   | 2019<br>Total       | 2018<br>Total       |
|---|---------------------|---------------------|
| <b>Turnover from social housing lettings</b>          |                     |                     |
| Rent receivable                                       | 16,917,400          | 16,112,622          |
| Service charges                                       | 2,103,767           | 207,080             |
| Property acceptance fees                              | 389,285             | 1,135,824           |
| <b>Turnover from social housing lettings</b>          | <u>19,708,452</u>   | <u>17,455,526</u>   |
| <b>Expenditure on social housing lettings</b>         |                     |                     |
| Lease payments  | (8,783,150)         | (8,816,185)         |
| Depreciation and impairment                           | (2,389,310)         | (1,474,000)         |
| Bad debt provision                                    | (20,128)            | -                   |
| Real estate maintenance costs                         | (1,410,021)         | (856,485)           |
| Planned maintenance costs                             | (552,400)           | (511,585)           |
| Management costs                                      | (2,610,819)         | (1,426,102)         |
| Service charge costs                                  | (999,019)           | (849,810)           |
| <b>Expenditure on social housing lettings</b>         | <u>(15,306,807)</u> | <u>(13,934,167)</u> |
| <b>Operational surplus on social housing lettings</b> | <u>4,401,645</u>    | <u>3,521,359</u>    |

All of the above income and expenditure is supported housing.

# BESPOKE SUPPORTIVE TENANCIES LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

### 5 Accumulator managed managed and in development

|   | Number of properties |                 |               | Number of properties |                 |               |
|---|----------------------|-----------------|---------------|----------------------|-----------------|---------------|
|   | 2018<br>Owned        | 2018<br>Managed | 2018<br>Total | 2017<br>Owned        | 2017<br>Managed | 2017<br>Total |
| Social Housing<br>Under management at<br>end of year: |                      |                 |               |                      |                 |               |
| Supported housing                                     | 83                   | 225             | 308           | 95                   | 184             | 279           |

|   | Number of units |                 |               | Number of units |                 |               |
|---|-----------------|-----------------|---------------|-----------------|-----------------|---------------|
|   | 2018<br>Owned   | 2018<br>Managed | 2018<br>Total | 2017<br>Owned   | 2017<br>Managed | 2017<br>Total |
| Social Housing<br>Under management at<br>end of year: |                 |                 |               |                 |                 |               |
| Supported housing                                     | 628             | 1,175           | 1,803         | 591             | 921             | 1,512         |

### 6 Operating surplus(deficit)

|   | 2018         | 2017        |
|---|--------------|-------------|
| Operating surplus(deficit) after charge on fixed intangible assets                                | £            | £           |
| Transfer of surplus to retained earnings after charge on fixed intangible assets                  |              |             |
| Transfer of surplus to the company's reserves for the work of the company's charitable objectives | 15,040       | 15,040      |
| Distribution of owned eligible fixed assets   | 42,907       | 5,215       |
| Recognition of eligible fixed assets held under finance leases                                    | 2,315,573    | 1,157,690   |
| Loss on disposal of eligible fixed assets   |              | 3,074       |
| Operating lease charges   | (18,081,158) | (7,572,103) |

All figures are after allowance in respect of VAT.

### 7 Auditor's remuneration

The analysis of auditor's remuneration is as follows:

|                              | 2018   | 2017   |
|------------------------------|--------|--------|
| Fees payable:                | £      | £      |
| Audit of the annual accounts | 17,643 | 16,045 |
| Advisory non-audit services  | 1,207  | -      |
| Total fees                   | 18,850 | 16,045 |

# BESPOKE SUPPORTIVE TENANCIES LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

### B Interest, other income and expenditure

|  | 2019               | 2018               |
|--|--------------------|--------------------|
|  | £                  | £                  |
| Interest receivable and other income   |                    |                    |
| Interest                               | 4,172              | 462                |
| Other income                           | 423                | 3,717              |
|  | <u>8,454</u>       | <u>4,179</u>       |
| Interest payable and financing costs   |                    |                    |
| (Including a finance lease commitment) | <u>(8,779,827)</u> | <u>(2,188,273)</u> |

# BESPOKE SUPPORTIVE TENANCIES LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

### 9 Employees

#### Number of employees

The average monthly number of employees during the year was:

|                | 2019<br>Number | 2018<br>Number |
|----------------|----------------|----------------|
| Management     | 5              | 5              |
| Administration | 20             | 28             |
| Executive team | 4              | 3              |
|                | 1              | -              |
|                | 30             | 36             |

The average weekly number of persons employed during a year was as set out in the following table (all hours per week):

|                       |           |           |
|-----------------------|-----------|-----------|
| Wages and salaries    | 1,495,387 | 93,824    |
| Social security taxes | 149,387   | 57,021    |
| Other pension costs   | 36,263    | 7,121     |
|                       | 1,681,037 | 1,583,496 |

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

The number of employees whose annual remuneration was £50,000 or more was:

|                        | 2019<br>Number | 2018<br>Number |
|------------------------|----------------|----------------|
| £50,001 to £100,000    | -              | 2              |
| £100,001 to £150,000   | -              | 1              |
| £150,001 to £200,000   | 2              | -              |
| £200,001 to £1,000,000 | 1              | -              |

### 10 Trustees

During the year, the trustees were limited to the following trustees holding:

- Phipps £723 (2018: £310)
- McDow £4,282 (2018: £1,804)
- Higgs £752 (2018: £112)
- White £1,951 (2018: £218)

# BESPOKE SUPPORTIVE TENANCIES LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

### 11 Key management personnel

The key management personnel of the ultimate company comprise the trustees, the chief executive officer, the commercial director, managing director and the Finance Director.

|  | 2019<br>£      | 2018<br>£      |
|--|----------------|----------------|
| Aggregate emoluments paid to key management personnel  | 57,000         | 308,702        |
| Bonus payments (see Finance note 10 (b) (ii))  | 225,000        | 8,500          |
| Share contributions  | 5,000          | 2,200          |
|  | <u>287,000</u> | <u>319,402</u> |
| Emoluments paid to key management personnel (excluding bonus on contribution)                                      | 175,000        | 319,402        |
|  | <u>No.</u>     | <u>No.</u>     |
| The number of key management personnel to whom retirement benefits are accruing under defined contribution schemes | 2              | 2              |

Liabilities for the defined contribution costs on behalf of the trustees were nil (2018: £nil).

### 12 Tangible fixed assets

|                                  | Land and<br>property<br>£ | Land and<br>property<br>Leasehold<br>£ | Accumulated<br>depreciation<br>£ | Furniture and<br>fixtures<br>£ | Computers<br>£ | Total<br>£        |
|----------------------------------|---------------------------|--|----------------------------------|--------------------------------|----------------|-------------------|
| <b>Cost</b>                      |                           |  |                                  |                                |                |                   |
| At 1 October 2018                | 74,508,850                | 84,597                                 | -                                | 27,500                         | 40,362         | 74,661,309        |
| Additions                        | -                         | 127,000                                | 76,600                           | 2,004                          | 25,580         | 1,131,184         |
| Other changes                    | (1,228,251)               | -                                      | -                                | -                              | -              | (1,228,251)       |
| At 30 September 2019             | <u>73,280,599</u>         | <u>411,597</u>                         | <u>76,600</u>                    | <u>29,504</u>                  | <u>65,942</u>  | <u>73,864,242</u> |
| <b>Depreciation</b>              |                           |  |                                  |                                |                |                   |
| At 1 October 2018                | 3,100,271                 | 3,722                                  | -                                | 3,050                          | 18,059         | 3,125,052         |
| Depreciation charged in the year | 2,200,506                 | 27,770                                 | -                                | 4,802                          | 10,997         | 2,243,975         |
| At 30 September 2019             | <u>5,300,777</u>          | <u>31,492</u>                          | <u>-</u>                         | <u>7,852</u>                   | <u>29,056</u>  | <u>5,369,177</u>  |
| <b>Carrying amount</b>           |                           |  |                                  |                                |                |                   |
| At 30 September 2019             | <u>67,979,822</u>         | <u>380,105</u>                         | <u>76,600</u>                    | <u>21,652</u>                  | <u>36,886</u>  | <u>68,495,065</u> |
| At 30 September 2018             | <u>71,408,579</u>         | <u>80,875</u>                          | <u>-</u>                         | <u>17,380</u>                  | <u>28,419</u>  | <u>71,535,233</u> |

# BESPOKE SUPPORTIVE TENANCIES LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

### 12 Tangible fixed assets (Continued)

Other changes in relation to assets held on property lease contracts entered into as part of the fulfilment

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance lease or hire purchase contracts. The depreciation charge in respect of assets amounted to £2,310,505 (2018 - £2,453,695) for the year.

|                    | 2019<br>£         | 2018<br>£         |
|--------------------|-------------------|-------------------|
| Leasehold property | <u>57,265,632</u> | <u>71,511,345</u> |

### 13 Financial instruments 2019 £

Carrying amount of financial assets

Debt instruments measured at amortised cost

2,527,501 3,259,261

Carrying amount of financial liabilities

Measured at amortised cost

25,057,812 25,131,700

### 14 Debtors 2019 £

Amounts falling due within one year

Rent and service charge arrears

2,124,056 1,901,571

Other debtors

701,158 1,315,259

Prepayments and accrued income

65,914 25,268

2,620,770 3,507,128

### 15 Creditors: amounts falling due within one year 2019 £

Bank overdrafts

- (2,365)

Obligations under finance leases

18 827,591

Other taxation and social security

39,115 50,250

Trade creditors

551,656 446,715

Other creditors

412,571 350,773

Accruals and deferred income

1,552,531 1,043,281

3,054,620 3,848,180

# BESPOKE SUPPORTIVE TENANCIES LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

### 16 Creditors amounting to falling due after more than one year

|                 | Notes | 2018<br>£         | 2019<br>£         |
|-----------------|-------|-------------------|-------------------|
| Other creditors | 19    | 72,082,361        | 72,945,765        |
| Other creditors |       | 1,070,150         | -                 |
|                 |       | <u>73,152,511</u> | <u>72,945,765</u> |

### 17 Restricted funds

The Income Trust of the charitable company includes restricted funds comprising the following unexpended balances of donations and grants held on trust for special purposes:

|            | Movement in funds            |                    |                         |                                    |
|------------|------------------------------|--------------------|-------------------------|------------------------------------|
|            | Balance at<br>1 October 2018 | Income<br>received | Expenditure<br>expended | Balance at<br>30 September<br>2019 |
|            | £                            | £                  | £                       | £                                  |
| 50:50 Club | 220                          | 1,240              | (1,544)                 | 876                                |

#### 50:50 Club

The club is a charity where anyone can enter with a cash prize each month the fee is 30% of the monthly income plus a further prize of £5,000. The remaining 50% of the income is donated to the charitable company which is used to provide services to children, families and adults.

### 18 Analysis of net assets between funds

|   | Unrestricted<br>2019<br>£ | Restricted<br>2019<br>£ | Total<br>2019<br>£ | Unrestricted<br>2018<br>£ | Restricted<br>2018<br>£ | Total<br>2018<br>£ |
|---|---------------------------|-------------------------|--------------------|---------------------------|-------------------------|--------------------|
| Fund balances at<br>30 September<br>2019 are<br>represented by: |                           |                         |                    |                           |                         |                    |
| Tangible assets   | 68,455,171                | -                       | 68,455,171         | 71,825,005                | -                       | 71,825,005         |
| Current assets<br>in addition                                   | 2,095,951                 | 225                     | 2,096,176          | 1,280,216                 | 1,220                   | 1,281,436          |
| Current liabilities<br>in addition                              | (7,068,011)               | -                       | (7,068,011)        | (7,245,265)               | -                       | (7,245,265)        |
|   | <u>53,483,111</u>         | <u>225</u>              | <u>53,483,336</u>  | <u>64,860,000</u>         | <u>1,220</u>            | <u>64,861,220</u>  |

# BESPOKE SUPPORTIVE TENANCIES LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 SEPTEMBER 2019

#### 18 Finance lease obligation

Future minimum lease payments under finance leases:

|                           | 2019              | 2018              |
|---------------------------|-------------------|-------------------|
|                           | £                 | £                 |
| Within 1 year             | 1,026,705         | 927,027           |
| Within two and five years | 4,020,441         | 4,489,621         |
| More than five years      | 65,157,200        | 67,261,244        |
|                           | <u>71,110,700</u> | <u>72,677,892</u> |

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



# BESPOKE SUPPORTIVE TENANCIES LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2019

### 20 Operating lease commitments

The bespoke company utilises properties and office equipment under lease contracts operating lease. At the end of the year the company had a total commitment of Euro 414,000 payable as follows:

| Land and Buildings:     | 2019<br>€         | 2018<br>€         |
|-------------------------|-------------------|-------------------|
| Within 1 year           | 9,189,914         | 4,102,714         |
| Between 1 and 5 years   | 36,022,712        | 19,325,504        |
| After more than 5 years | 19,835,257        | 68,401,579        |
|                         | <u>65,047,883</u> | <u>91,829,797</u> |
| Other:                  | 2019<br>€         | 2018<br>€         |
| Within 1 year           | 6,122             | 8,243             |
| Between 1 and 5 years   | 8,240             | 11,262            |
|                         | <u>14,362</u>     | <u>19,505</u>     |

### 21 Capital commitments

At 30 September 2019 the company has capital commitments as follows:

|   | 2019<br>€        | 2018<br>€ |
|---|------------------|-----------|
| Contracted for but not provided for in financial statements |                  |           |
| Acquisition of property, plant and equipment                | <u>3,354,325</u> | <u>-</u>  |

# BESPOKE SUPPORTIVE TENANCIES LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

### 22 Related party transactions

During the period the charitable company made payments of £4,000 (2018: £12,000) to MFC Property, a trustee firm consultancy governed by charity.

During the period the charitable company made charity grants (see note 14) of £10,700 from Income Generation Limited, a company in which trustee Mr D. G. Popoff is the sole director and shareholder. At the balance sheet date there was no balance outstanding (2018: £12,000).

During the period the charitable company incurred charity consultancy services of £2,000 (2018: £0) from F&F Consulting, a company in which trustee Hugh McGraw is the sole director and shareholder. At the balance sheet date there was no balance outstanding (2018: £Nil).

During the period the charitable company incurred charity consultancy services of £21,000 (2018: £Nil) from Lead & Bright Future CIC, a company in which trustee Hugh G. McGraw is a director. At the balance sheet date there was no balance outstanding (2018: £Nil).

During the period the charitable company incurred charity transactions of £6,361 (2018: £30,110) from Connell Wain, a company in which trustee Stuart Connell is a director. At the balance sheet date there was no balance outstanding (2018: £Nil).

During the period the charitable company incurred charity consultancy services of £572 (2018: £Nil) from trustee Andrew Bell by ABE Consultancy. At the balance sheet date there was no balance outstanding (2018: £Nil).

During the year Kevin Appleby, Shirley Huxley and Steve Joyce all resigned as Company directors on the 1 July 2018, their removal date is included within the Key Management Personnel note.

### 23 Ultimate controlling party

The charitable company is controlled by trustees and as such has no shareholders. The ultimate controlling parties are the trustees. The trustee liability is included in note 14.

| 24 Cash generated from operations                                 | 2018<br>£        | 2017<br>£        |
|---|------------------|------------------|
| (Deficit)/profit for the year                                     | (445,819)        | 140,460          |
| Adjustments for:  |                  |                  |
| Investment income recognised in statement of financial activities | 64,172           | 14,665           |
| Interest on loans received  | 3,770,000        | 2,172,685        |
| Gain/loss on disposal of long term assets                         |                  | 3,874            |
| Depreciation and impairment relating to fixed assets              | 2,850,112        | 1,571,804        |
| Movements in working capital:                                     |                  |                  |
| Decrease/(increase) in debtors                                    | 380,853          | (1,862,837)      |
| Increase in creditors   | 2,055,000        | 905,201          |
| Cash generated from operations                                    | <u>8,162,217</u> | <u>3,062,000</u> |