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 2023

BESPOKE SUPPORTIVE TENANCIES LTD

LEGAL AND ADMINISTRATIVE INFORMATION

Charity number	1143046
Company number	07375502
RSH number	L4718
Registered office	2A Sentinel House Albert Street Eccles Manchester M30 0NJ
External Auditor	Beever and Struthers One Express 1 George Leigh Street Manchester M4 5DL
Bankers	Santander UK plc 298 Deansgate Manchester M3 4HH Unity Trust Bank plc 4 Brindleyplace Birmingham B1 2HB
Solicitors	Woodcocks, Haworth & Nuttall 12 Manchester Road Bury Lancashire BL9 0DX

BESPOKE SUPPORTIVE TENANCIES LTD

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BESPOKE SUPPORTIVE TENANCIES LTD

CHAIRMAN'S STATEMENT

FOR THE YEAR ENDED 30 SEPTEMBER 2023

Chair's Statement

The 2022/23 financial year has seen Bespoke Supportive Tenancies (BeST) (the Charity) continue its work towards full compliance with the Regulator of Social Housing's Regulatory Standards. With the need to provide long-term stability and security for the Charity's tenants in light of the significant financial loss, the Board has begun to explore the possibility of a partnership arrangement with Westmoreland Social Housing Limited (Westmoreland), a fellow lease-based supported housing provider. A business case was put forward after the year-end and the Boards of both organisations have agreed to enter into a period of partnership to explore whether it would be in the interests of both parties to enter into a more formal merger arrangement.

The key issue of compliance with the Rent Standard remains to be finalised. The Charity is reviewing its compliance with S69 of the Housing & Regeneration Act 2008. Work is also continuing to confirm the correct use of the Specialist Supported Housing (SSH) exemption on two schemes (16 units) of social housing accommodation. The rents on these two schemes will not be increased until sufficient proof of an agreement or arrangement with Social Services is gathered.

The Charity has continued to see operational improvements across the business, although the organisation has struggled to manage its maintenance expenditure, which was a major factor in the operational loss. The tender process for the maintenance service undertaken during the year did not identify any efficiencies or savings and, with staffing changes within the team, a different approach is now being undertaken.

At the year end, the Charity finds itself in a challenging position, despite the relatively healthy cash position. Its overall financial position has deteriorated as a result of the worsening economic situation and rampant inflation. Further work is being undertaken through the partnership project to identify the most effective solution for BeST in the medium and long term.

Given the Charity's present regulatory position, it will continue its positive and transparent engagement with the Regulator of Social Housing whilst working towards a compliant position.

I would like to thank my fellow Board Members who have worked extremely hard this last year supporting the Charity. I would also like to thank the Executive Team and the staff who have again completed many key tasks this year, as well as continuing to deliver services to our vulnerable tenants against a backdrop of multiple economic constraints.

Chairman

Dated: 28 February 2024

BESPOKE SUPPORTIVE TENANCIES LTD

STRATEGIC REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2023

The Trustees present their Strategic Report together with the audited financial statements for the year ended 30 September 2023.

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 Charity's Memorandum & Articles, the Companies Act 2006, the Statement of Recommended Practice for registered housing providers: Housing SORP 2018, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

Objectives and activities

Aim

The principal object of Bespoke Supportive Tenancies (BeST) ("The Charity"), 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 Support providers 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.

Principal activity

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

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 overseeing the Charity'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 Charity should undertake.

Strategic Review

Regulatory position

The year has again been dominated by our regulatory engagement. The Charity has continued to work closely with the Regulator of Social Housing ("Regulator" or "RSH") to rectify the identified weaknesses and to achieve compliance with the Regulatory Standards. The Charity has continued to make good progress working through its Regulatory Plan that was compiled following the organisation's initial self-assessment against the Regulatory Standards after regulatory engagement commenced.

The Charity welcomed the removal of the Regulatory Notice regarding compliance with the Consumer Standards at the start of 2023 The Charity continues to focus on addressing its non-compliance with the Governance & Financial Viability standard. Management is undertaking a review to remediate this non-compliance as soon as practicable.

The Board has kept the Regulator aware of progress and the new challenges arising from the operational loss incurred in the year. Despite the challenges imposed by regulatory engagement, BeST has continued to focus on its charitable objectives. It continues to provide high quality accommodation for vulnerable adults. BeST has also maintained a sizeable cash balance throughout the year, although the operational loss has started to impact this.

Operations

The Charity ended the year with 1,722 units of accommodation, 20 fewer units than last year. At the year end, BeST had 212 void units. Of the tenanted units, 34 had not been confirmed as having sufficient assurance in respect of their Specialised Supporting Housing (SSH) status. This includes 16 units (2 schemes) where there is no assurance in the property, and 18 other units which are in schemes with partial assurances. Work continues on this matter.

The Charity performed well in securing a significant increase in its rent and service charge, whilst minimising bad debts and voids. Unfortunately, the inflationary pressures felt by all organisations drove a significant increase in BeST's repairs, maintenance, and service charge costs. With a view to creating an improvement in service quality and value for money, the Charity undertook a full tender process for the repairs and maintenance service. With support from external specialist consultants, the process resulted in an option to secure a long-term maintenance provider. Due to the costs involved and length of the contract required to secure the supplier, the Board of BeST decided that this was not in the best interests of the Charity at this time. An external review of ordering and invoicing processes in maintenance, along with a structural review, tempered the increasing costs but further work is still required to improve this area of the business.

Year Ahead

The Board remains clearly focused on securing a viable future for the Charity. Although the Charity finalised some projects during the year, the financial position remains concerning as insufficient progress has been made to date with the major landlords with the lease negotiations. BeST continues to engage with landlords, especially those that BeST has identified as having stock that the Charity wishes to hand back and / or that require further investment to ensure their sustainability. Despite efforts by the executive team through the year, there has been insufficient progress in renegotiating the current lease agreements. The Board considers that these negotiations are fundamental to BeST's ability to return to regulatory compliance, so efforts will continue into the year ahead.

In light of the overall under-performance against BeST's recovery plans, the Board allocated time and resource into considering the options for partnering with other, similar organisations and undertook a review of potential partners that could assist BeST in resolving these long-standing issues. After a review of various options supported by external specialists, the Board entered into an informal partnership agreement with Westmoreland Supported Housing after the end of the financial year. Westmoreland are providing additional CEO expertise to BeST for an interim period of time, after which an assessment will be made by both Boards as to whether a more formal merger arrangement would be feasible and in the benefit of both organisations and their beneficiaries.

With this partnership, the focus of 2024 will be upon accelerating remediation of those currently underperforming areas, further improving service delivery and ensuring that our customers' homes remain compliant, safe and secure.

In October 2023 BeST conducted a Tenant Survey using the 2022 Tenant Satisfaction Measures. This was carried out by Acuity, an external provider. The results from the survey will be shared with the Board in March 2024 and an action plan will be drafted to improve the customer experience.

Financial Review

The Charity reported a deficit for the year of £1.9m (2022: Deficit £2.0m).

Although both the number of units at year end and the average throughout the year is 1.1% lower this year when compared to the previous year, the Charity has seen a £2m (8%) increase in turnover this year. The average void % has remained stable at 15%.

The 2023 financial year saw a positive income position with the Charity's turnover increasing by over £2m, driven by high inflation, and a stable performance around voids.

This income growth was largely offset by the increase operating costs, mainly driven by both inflationary pressures and increased demand. The increased demand is driven by a focus on property conditions, including damp, mould, and condensation issues against a backdrop of much sharper regulatory focus and heightened Ombudsman's attention. Increased costs include £0.4m (6%) increase in maintenance and service charge costs, £0.9m (36%) increase in management costs, and £1m (8%) increase on landlord lease costs.

As a lease-based provider, the Charity rents its properties on long-term operating leases or through finance leases. Within the balance sheet, the finance lease properties are shown as an asset whilst the liability to repay the lease is shown as a creditor. Different accounting treatments for depreciating the asset and charging interest result in the value of the finance lease creditor being much higher than the value of the asset in the early years of the lease, with the difference reducing over the term of the lease. At year-end the value of the finance lease creditor was £7.8m higher than the NBV value of the properties.

The operating surplus has fallen by £39k against the previous year and the overall loss is £47k lower than the previous year.

The Charity has net current liabilities of £1.5m and net liabilities of £7.2m. However, this would be a net asset position if the accounting treatment of the finance lease creditor and asset itself were more closely aligned. That, together with the healthy cash balance that the Charity had at year-end, provides reassurance over the going concern of the Charity.

Reserves policy

The Board approved a change to the Charity's Reserves Policy in 2020 to more accurately reflect the fact that the lease-based model negates using a purely asset-focused approach to setting reserves targets. The policy acknowledged that an asset-based approach was not suitable due to the significant finance lease liabilities held on the balance sheet, whilst the accounting treatment of finance leases, with higher interest charges in the early years of the lease, impacted upon BeST's ability to generate a reasonable level of profit and loss reserves.

The policy is based on the level of unrestricted cash reserves. To ensure that the organisation's ongoing and future activities are reasonably protected from unexpected variations in its income and expenditure, Management will review the policy during 2024 to determine whether the current policy limit of £750k is still appropriate. This figure excludes lease payments, which in 2022/23 were £17.9m. BeST would need the financial support of its funders were there to be any material variations in its income. The ongoing renegotiation activity with funders includes consideration of available landlord support. The Board have implemented a rigorous risk management framework and undertake stress testing of the Charity's business plan to provide a suitable early warning system if the financial viability of BeST were to become at risk. The Reserves Policy acts as a financial trigger, alongside these other controls and tools, and would provide sufficient time for the Board to take appropriate action to either rectify the situation or take necessary action with the support of the Regulator.

The Board are confident that the current level of liquid resources is more than adequate to ensure the organisation can continue to fund its activities and enable it to meet any foreseeable contingency. Holding unrestricted cash reserves of £750k is currently the minimum that the Board would feel comfortable holding to ensure that the Charity could meet its financial requirements. As at the end of September 2023, BeST had total cash reserves of £2.7m, of which £1.7m was unrestricted.

The Charity held negative reserves of (£7.2m) (2022: (£5.2m)) on 30 September 2023 and £nil (2022: £nil) in restricted reserves. Free reserves, i.e., unrestricted funds excluding tangible fixed assets, were (£71m) (2022: (£71.5m)) on 30 September 2023. £63.8m (2022: £66.2m) is represented by fixed assets which are currently being held under finance leases. The associated finance lease creditor included within free reserves is £69.7m (2022: £71.6m).

Value for Money

Introduction

BeST undertakes an annual self-assessment against the Value for Money (VFM) Standard to evidence its compliance. BeST has now clearly articulated its strategic objectives within its business plan, including how it delivers specialised supported housing for its tenants through lease arrangements with a range of funders. The Board continues to challenge the existing delivery models and management have built efficiency targets into the annual budgeting process. The current partnership arrangement with Westmoreland Supported Housing is centred upon improving the efficiency of BeST's processes, including repairs and maintenance, and improving the quality and balance of BeST's lease arrangements.

How do we approach VFM?

The overall strategic objective for BeST remains to provide and manage high quality accommodation for vulnerable adults that meets their specialist requirements in partnership with support providers.

The Charity at present remains focused on three key objectives:

- To meet and maintain compliance with the Regulatory Standards.
- To improve operational efficiency whilst delivering a quality service to tenants.
- To establish and maintain a financially viable position.

These objectives provide the cornerstone of BeST's current business plan and integrates Value for Money into these objectives. The Charity has undertaken detailed reviews over the past two years. The organisation-wide review in 2021/22 focused upon improving efficiency and making economies but was impacted by the rising energy costs and spiralling inflation following Russia's invasion of Ukraine. Whilst the 2022/23 review successfully identified loss-making schemes and some methods to help improve their effectiveness, a key solution for a significant minority requires landlords to agree to the hand back of key underperforming assets. Negotiations have not concluded on this matter to date.

BeST operates a lease-based model. This results in particular financial outcomes due to the specific accounting requirements for finance leases. The RSH VFM metrics do not allow easy comparisons with traditional general needs housing associations for the lease-based provider sub-sector. The general themes of the VFM metrics, when applied to lease-based providers, is that of low reinvestment, high gearing, high headline social housing cost per unit and low operating margins.

BeST is aware of these issues, and previous work, along with the current activity as part of the partnership project, is designed to increase the Charity's operating margin. The Charity acknowledges that it is unable to improve some of its VFM metrics because of the operating model it uses.

Value for Money metrics

The following tables show both a backward view of how BeST has performed against the VFM metrics over the last two years, as well as a forward look across the next year. The forward view also compares BeST's VFM metrics against a peer group of supported housing providers who are members of Acuity, a number of which are lease-based providers. BeST continues to work with other lease-based providers to establish a specific peer group for this sub-sector.

RSH VFM Metrics	Actual 2022	Actual 2023	Budget 2023	Budget 2024	Acuity 2023
Reinvestment %	0.7%	1.1%	0.3%	0.8%	2.8%
New supply delivered (Social housing units) %	0%	0%	0%	0%	0.6%
New supply delivered (Non-social housing units) %	0%	0%	0%	0%	0%
Gearing %	103%	105%	106%	107%	107%
EBITDA MRI interest cover %	101%	95%	128%	143%	163%

RSH VFM Metrics	Actual 2022	Actual 2023	Budget 2023	Budget 2024	Acuity 2023
Headline social housing cost per unit	£12,088	£13,694	£12,583	£14,939	£10,877
Headline social housing cost per unit excluding lease costs payable	£5,141	£6,080	£5,018	£6,376	N/A
Headline social housing cost per unit including finance lease interest payable	£14,205	£15,798	£14,683	£17,022	N/A
Operating Margin (social housing lettings) %	7%	6%	8%	9%	12%
Operating Margin (overall) %	7%	6%	8%	9%	7%
Return on capital employed (ROCE) %	3%	3%	3%	5%	3%

Backward looking

The 2023 Reinvestment and New Supply (Social Housing) metrics remain low because they reflect the Charity's no growth strategy. The reinvestment recognises capitalised maintenance on existing properties.

Gearing remains high and there has been minimal movement in the metric across the years because of how the Charity is financed through the lease-based model. The movement in gearing since 2022 is partly due to the decreasing cash balance and the mismatch between the movement in finance lease creditor and finance lease properties.

EBITDA MRI interest cover metric reduced by 6.3% in 2023, and the actual result was much lower than budgeted. The EBITDA has reduced over the year. Increases in income have been more than outweighed by increases in operating and major repairs expenditure.

The headline social housing costs per unit are calculated using the year-end number of units, rather than the average for the year. These costs continue to increase, with a 12% increase in this cost from 2022, and there has been a 1% reduction in stock numbers.

The headline social housing cost per unit excluding lease costs has increased by 18% since 2022. 8% of the increase in cost per unit (£421) is due to increased maintenance costs. The Charity has focused on Health & Safety compliance work and their associated costs which has increased by £0.2m (3%) compared to 2022. The remaining 7% increase in cost per unit (£360) is due to increased management costs. Another factor in the increase is that the total number of units has dropped by a further 1% since 2022, as non-compliant schemes have been handed back.

The Charity's operating margin has decreased since 2022 with a 0.9% drop to 5.8% in 2023. As already noted, BeST saw significant inflationary pressure on its maintenance expenditure during the year, along with its overheads, which impacted its operating margin.

The Charity's ROCE has remained relatively stable over the period.

Forward looking

Reinvestment and New Supply (Social Housing) metrics are minimal going forward as they reflect the Charity's no growth strategy.

Gearing is high and there is minimal movement in the metrics in the future because of how the Charity is financed through the lease-based model.

EBITDA MRI interest cover metric is forecast to improve in 2024 because of a budgeted improved operating surplus

The headline social housing cost per unit is forecast to increase in the future as operational efficiencies are cancelled out by inflation and fewer units.
The forward-looking operating margin and ROCE metrics reflect the changes already mentioned, as they show the impact of higher income, and the planned reduction of finance lease interest.

Operational Performance

Operational Metrics	Actual 2023	Budget 2023	Forecast 2024	Forecast 2025
Same day repair	96%	99%	99%	99%
Urgent (24hr) repair	94%	95%	95%	95%
Routine	96%	95%	95%	95%
First time fix	96%	95%	95%	95%
Asbestos certification	99%	100%	100%	100%
Legionella certification	99%	100%	100%	100%
Fixed wire certification	99%	100%	100%	100%
CP12 (gas) certification	99%	100%	100%	100%
FRA certification	99%	100%	100%	100%
Portable appliance testing (PAT)	99%	100%	100%	100%
Occupancy	85%	88%	86%	86%
Void	15%	12%	14%	14%
HB turnaround (days)	7	7	7	7
Total Arrears (£m)	0.98	0.94	1.13	1.36
Current arrears (£m)	0.98	0.94	1.13	1.36
Units in full payment	93%	97%	95%	95%
HB claims in tribunals	6%	3%	2%	2%

BeST has focused on developing a suite of health & safety performance indicators over the last few years and working with its contractors to improve performance. This was one of the areas for improvement highlighted in the regulatory notice and supports one of the key objectives of the Charity which is to provide a safe and secure environment for our tenants. During 2024 the Charity will complete a full review of the certificates provided to us by the third-party provider.

Whilst the current operational performance indicators do not allow for easy comparison with those of the Acuity group, the Charity is currently reviewing these to have comparable data next year.

Governance

Governing document

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

Trustees

The Board of Trustees has operated a simple governance structure to deliver its key objective of achieving regulatory compliance, with a Board of five Trustees and no additional Committees. Four Trustees with specific social housing sector skills and extensive regulatory experience were brought on to the Board in August 2019. The Trustees delegate the day-to-day management to the executive team of three officers through a formal delegation structure involving standing orders, financial regulations, and delegated authority schedule. The Charity operated without a Chief Executive during the financial year with the Executive Team having taken on board any specific responsibilities that related to that post.

The Trustees who served during the year were:

Board Member	Appointment Date
Tom Miskell (Chair)	15 August 2019
Andrew Bailey	20 March 2019
Paul Carhart	15 August 2019
Steve Close	15 August 2019
Phil Elvy	15 August 2019

The Trustees have committed to remain in post whilst BeST seeks to meet the requirements to end the regulatory engagement. The current Board is focused on leading the Charity through this period of regulatory engagement. The Board acknowledges that once this is achieved, a Board recruitment exercise will be undertaken which will look to ensure that BeST achieves a diverse Board, with the necessary skills and experience to lead a lease-based supported housing provider. At this time, it is likely that the Board membership will be reviewed as current Board members will have been in place for over five years, since 2019. Also, sub-committees will be established to deal with Board recruitment and executive pay, alongside audit, risk, and control matters.

BeST has developed a suite of governance policies and documentation. An induction and board member development process will be initiated for the new Board, once recruited. This will be based on any gaps identified following a robust skills assessment and include nugget board training for regulatory updates and other formal training and attendance at conferences.

The Board currently retains responsibility for setting pay awards across all the staff. An independent salary review was undertaken in 2020 by an external consultancy which identified any job roles that were outside the norm for the sector.

Regular contact has been maintained with the Regulator throughout the year. As noted elsewhere in the Strategic Report, the Board is of the opinion that it meets the Regulatory Standards, except in relation to the Rent Standard for a percentage of the stock and work continues to achieve full compliance across the whole of BeST's stock portfolio. BeST is still actively engaged with the Regulator and progress continues to meet the Regulator's requirements.

Corporate Governance

As noted, BeST has been in regulatory engagement since 2019. The Board has been focused on meeting the requirements of the Regulator since then and in August 2021, the Board adopted the 2020 NHF Code of Governance. The Board has been focused on ensuring the viability of BeST and meeting the requirements of the Regulatory Standards throughout this period, but it has also overseen significant improvements in the governance of the Charity.

The latest self-assessment continues to identify some minor areas of improvement, but the Board is of the opinion that the improvements made over the past few years are sufficient to ensure that BeST operates an efficient and effective governance process. This includes work on gaining a greater insight into the views of tenants and the culture of the organisation.

Although there are elements of the Code where improvements could be made to the existing documentation or processes, to provide more rigorous or transparent evidence, the Board is of the view that it meets the requirements of the Code, specifically putting the principles into practice.

The areas of improvement are all included within the governance improvement plan and the intention of the organisation, depending on decisions taken by the Board as a result of regulatory engagement, is to achieve full compliance as soon as possible for the organisation. The Board has acknowledged that the improvement work, such as the appointment of a senior independent director, will be delayed until the recruitment of a new Board. A refreshed Board would then lead BeST on its new strategic path once its future has been secured and the regulatory concerns addressed.

Regulatory Standards

During the year, BeST has also undertaken detailed self-assessments against the Regulator's Regulatory Standards. The Board were pleased to note the removal of the Regulatory notice relating to the Consumer Standards.

The business continues to work through the areas identified as needing improvement within the self-assessment against the Governance and Financial Viability Standard.

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 Board reviews the strategic risk register twice a year and considers its appetite for taking on risk. The Board has established a risk appetite against the different areas of business activity. This provides target risk scores against which the Board can monitor progress of the risk mitigation work.

The Board has continued to focus activity on reaching regulatory compliance. This has resulted in the Board reviewing mitigation activity around its key risks of financial viability, loan exposure and rent compliance on a regular basis.

During the year Heads of Department have produced departmental risk registers to provide an overview of operational risks within the organisation. The Heads of Department have had their registers reviewed and challenged to ensure that a robust risk management framework is embedded throughout the organisation.

Risk Register

BeST maintains a detailed risk register, which includes mitigations, proposed actions, assurance sources and board risk appetites for each risk. The current register has the following as its main strategic risks. The table below summarises information in the register to evidence the main risks faced by BeST and how it is mitigating them. The items have been categorised as either High or Medium – High with a risk score of between 16-25.

Risk	Risk category	Mitigations
Medium - High	Financial viability – Lease exposure	a) A 30-year business plan produced with latest stock condition and lease review data b) Review of lease costs and negotiate with landlords to hand back schemes that are not viable c) P&L account by scheme d) Stress testing of business plan, including increased inflation rates
Medium - High	Legal/regulation – Breach of Governance & Financial Viability Standard	a) Active regulatory engagement with the RSH b) DTP appointed as advisors c) Annual self-assessments carried out against each Standard d) Internal improvement plans developed and being completed
Medium - High	Financial viability – Rent levels	a) All maintenance costs included in Sage and the rent setting process allocates all costs across schemes b) Quarterly review of profit and loss by scheme report c) Proactively liaise with HB and appeal where necessary
Medium - High	Financial viability – Inflation	a) Some landlords have agreed to cap the lease increase
Medium - High	Financial viability – Loss making schemes	a) Profit & loss accounts by scheme available to monitor b) Review of lease costs and negotiate with landlords to hand back schemes that are not viable
Medium - High	Financial viability – Rising maintenance costs	a) Tight budgetary control to minimise budgetary overspends b) Increased creditor payment days c) Capped lease costs at CPI
Medium - High	Asset management – Condition of stock	a) Full set of acquisition surveys currently being undertaken b) Fully costed improvement plan based on previous stock condition survey
Medium - High	Financial viability – Long term viability	a) Detailed partnership working plan established b) Plan includes reporting milestones and opportunities to revisit decision

Internal control

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

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

The past year has been one of consolidating the control improvements initiated in the recent past. Key elements of the existing control framework include:

- Standing orders and financial regulations in place that provide a clear delegation framework approved by the Board.
- Six monthly reviews of the strategic risk register by the Board.
- Operational risk registers developed and reviewed by Heads of Department.
- Corporate planning and budgeting process which sets clear objectives, agrees plans and allocates resources.
- Robust performance monitoring by the Board against an agreed set of key performance indicators within the Operational Plan
- Regular compliance monitoring undertaken to provide the Board with assurance over the stock condition surveys carried out and the landlord health & safety compliance work carried out.
- Clearly established authorisation and appraisal procedure for renewal of short-term leases.
- A comprehensive schedule of policies and procedures is almost completed with regular reviews and updates to ensure that they remain fit for purpose.

Control over poorly performing schemes has been improved with the Finance team now able to produce individual income and expenditure accounts for each scheme. The Back to Black project focused on loss-making schemes and BeST now has a clear list of loss-making and poorly performing schemes. The finance and maintenance teams have made improvements to their processes to ensure lessons learned from previous years are acted upon, and the liabilities from both open, uninvoiced jobs and unapproved invoices are recorded in the management accounts in a timely manner.

The small size of the Charity and the client groups it works with does make formal tenant scrutiny arrangement challenging but a Tenant Scrutiny Panel has been established, which holds monthly meetings which are open to all tenants at present. The Panel has reviewed the Service Standards over the past year and is currently reviewing the complaints process following feedback from tenants to simplify the process.

BeST’s tenant newsletter (Snippets) now includes a ‘You Said, We Did’ section, which allows tenants to see how BeST has amended its services in line with tenant feedback. BeST has updated its website following feedback, to now include ‘Easy Read’ leaflets for tenants.

The Board considered the issue of internal audit following the internal control review of gas servicing procedures the previous year. The Board decided that whilst the Charity was focused on the renegotiation of its lease arrangements with landlords and securing its financial viability no decision would be taken and consideration of an internal audit function would be delayed until after the lease negotiations were completed The Charity’s External Auditors provide feedback to the Board through their management letter on the operation of the internal financial controls reviewed as part of the annual audit of the financial statements. A review of BeST’s processes for handling and processing maintenance payments was undertaken during the year by an external consultant and the recommendations relating to that work have been developed into a departmental improvement plan.

The Charity maintains a fraud register and reports to Board and the Regulator any occurrences. During the financial year, there have been no identified issues of fraud. The tightening of fraud procedures and staff training the previous year has helped processes to be more robust.

The Trustees, who are also directors of Bespoke Supportive Tenancies Limited for the purpose of company law, present their Trustees' Report for the year ended 30 September 2023.

Trustees
The trustees who served during the year are shown on page 8.

Statement of Compliance
The Charity has chosen in accordance with section 414C (11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 to set out in the Charity's strategic report information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008. This includes information that would have been included in the business review and the principal risks and uncertainties.

Statement of Trustees' responsibilities
The Trustees are responsible for preparing the Strategic Report, Trustees' Report, and the financial statements in accordance with applicable law and regulations.

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 Charity company and of the incoming resources and application of resources, including the income and expenditure, of the Charity for that year.

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

- Select suitable accounting policies and then apply them consistently.
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable UK Accounting Standards and the Statement of Recommended Practice (SORP) for Registered Social Housing Providers 2018 have been followed subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue in operation.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Charity's transactions and disclose with reasonable accuracy at any time the financial position of the Charity and enable them to ensure that the financial statements comply with the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Registered Providers of Social Housing 2022. They are also responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the Charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditor

A resolution to reappoint Beever and Struthers as external auditors in accordance with section 487(2) of the Companies Act 2006 will be proposed at the forthcoming Annual General Meeting.

Disclosure of information to auditor

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

The Trustees' report was approved and authorised for issue by the Board of Trustees on 28 February 2024 and signed on its behalf by:

Thomas Miskell

Trustee

Dated: 28 February 2024

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 2023 which comprise the Statement of Comprehensive Income, the Statement of Changes in Reserves, the Statement of Financial Position, the Statement of Cash Flows and notes to the financial statements including a summary of significant accounting policies in note 1. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the Company’s affairs as at 30 September 2023 and of its income and expenditure for the year then ended;

- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

- Have been prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

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

Conclusions relating to going concern
In auditing the financial statements, we have concluded that the Board’s use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company’s ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Board with respect to going concern are described in the relevant sections of this report.

Other information
The other information comprises the information included in the annual report, other than the financial statements and our auditor’s report thereon. The Board is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

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

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

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the trustees' report.

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

- Adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or

- The financial statements are not in agreement with the accounting records and returns; or

- Certain disclosures of directors' remuneration specified by law are not made; or

- We have not received all the information and explanations we require for our audit.

In addition, we have nothing to report in respect of the following matter where the Housing and Regeneration Act 2008 requires us to report to you if, in our opinion:

- A satisfactory system of control over transactions has not been maintained.

Responsibilities of the Board
As explained more fully in the Statement of Trustees' Responsibilities set out on page 11, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the 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 Board either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's web-site at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud
We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and addressing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We obtained an understanding of laws, regulations and guidance that affect the Company, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws, regulations, and guidance that we identified included the Companies Act 2006, the Charities Act 2011, the NHF Code of Governance 2020, the Regulatory Standards, the Statement of Recommended Practice for registered housing providers: Housing SORP 2018, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2022, tax legislation, health and safety legislation, and employment legislation.
- We enquired of the Board and reviewed correspondence and Board meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed the controls the Board have in place, where necessary, to ensure compliance.
- We gained an understanding of the controls that the Board have in place to prevent and detect fraud. We enquired of the Board about any incidences of fraud that had taken place during the accounting period.
- The risk of fraud and non-compliance with laws and regulations was discussed within the audit team and tests were planned and performed to address these risks. We identified the potential for fraud in the following areas: laws related to the construction and provision of social housing recognising the regulated nature of the Company’s activities.
- We reviewed financial statements disclosures and supporting documentation to assess compliance with relevant laws and regulations discussed above.
- We enquired of the Board about actual and potential litigation and claims.
- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

Due to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing fraud or non-compliance with laws and regulations and cannot be expected to detect all fraud and non-compliance with laws and regulations.

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

Beever and Struthers

Sue Hutchinson FCCA (Senior Statutory Auditor)
For and on behalf of
Beever and Struthers
Statutory Auditor
One Express
1 George Leigh Street
Manchester
M4 5DL

Date: 18 March 2024

BESPOKE SUPPORTIVE TENANCIES LTD

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 SEPTEMBER 2023

	Notes	2023 £	2022 £
Turnover	**3**	27,199,689	25,167,948
Operating expenditure	**3**	(25,622,207)	(23,479,684)
Gain on disposal of fixed assets		71,999	-
Operating surplus		1,649,481	1,688,264
Interest receivable and other income	**8**	25,052	4,445
Interest payable and similar charges	**8**	(3,622,181)	(3,687,664)
Total comprehensive income for the year		**(1,947,648)**	**(1,994,955)**

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

All income and expenditure is derived from continuing activities.

The financial statements on pages 16 to 32 were approved and authorised for issue by the Trustees on 28th February 2024 and were signed on its behalf by:

Philip Elvy
Trustee

Thomas Miskell
Trustee

The notes on pages 20 to 32 form part of these financial statements.

BESPOKE SUPPORTIVE TENANCIES LTD

STATEMENT OF CHANGES IN RESERVES

FOR THE YEAR ENDED 30 SEPTEMBER 2023

	Notes	Unrestricted reserves £	Restricted reserve £	Total £
Balance at 1 October 2021		(3,236,334)	660	(3,235,674)
Deficit from statement of comprehensive income		(1,994,295)	(660)	(1,994,955)
Balance at 30 September 2022	**16**	(5,230,629)	-	(5,230,629)
Balance at 1 October 2022	**16**	(5,230,629)	-	(5,230,629)
Deficit from statement of comprehensive income		(1,947,648)	-	(1,947,648)
Balance at 30 September 2023	**16**	**(7,178,277)**	**-**	**(7,178,277)**

The notes on pages 20 to 32 form part of these financial statements.

BESPOKE SUPPORTIVE TENANCIES LTD

STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2023

		2023		2022	
	Notes	**£**	**£**	**£**	**£**
Fixed assets					
Tangible assets	**12**		63,845,609		66,245,280
Current assets					
Debtors	**13**	1,781,029		1,953,312	
Cash at bank and in hand		2,672,067		3,311,218	
		4,453,096		5,264,530	
Creditors: amounts falling due within one year	**14**	(5,984,675)		(5,295,436)	
Net current liabilities			(1,531,579)		(30,906)
Total assets less current liabilities			62,314,030		66,214,374
Creditors: amounts falling due after more than one year	**15**		(69,492,307)		(71,445,003)
Net liabilities			**(7,178,277)**		**(5,230,629)**
Reserves					
Restricted reserves	**16**		-		-
Unrestricted funds			(7,178,277)		(5,230,629)
			(7,178,277)		**(5,230,629)**

The financial statements on pages 16 to 32 were approved and authorised for issue by the Trustees on 28th February 2024 and were signed on their behalf by:

Philip Elvy
Trustee

Thomas Miskell
Trustee

Company Registration No. 07375502

The notes on pages 20 to 32 form part of these financial statements.

BESPOKE SUPPORTIVE TENANCIES LTD

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2023

	Notes	2023 £	2023 £	2022 £	2022 £
Cash flows from operating activities					
Cash generated from operations	**24**		4,908,247		4,725,507
Investing activities					
Purchase of tangible fixed assets		(733,305)		(508,697)	
Interest received		25,052		4,445	
Net cash used in investing activities			(708,253)		(504,252)
Financing activities					
Payment of obligations under finance leases		(4,839,145)		(4,768,265)	
Net cash used in financing activities			(4,839,145)		(4,768,265)
Net (decrease) in cash and cash equivalents			(639,151)		(547,010)
Cash and cash equivalents at beginning of year			3,311,218		3,858,228
Cash and cash equivalents at end of year			**2,672,067**		**3,311,218**

£987,507 relates to funds received from Landlords that is not for general use by the Charity.

The notes on pages 20 to 32 form part of these financial statements.

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 Regulator of Social Housing as a Private Registered Provider of Social Housing (L4718). The company is a registered charity (1143046) in England and Wales. The registered office is 2A Sentinel House, Albert Street, Eccles, Manchester, M30 0NJ.

1.1 Accounting convention

The financial statements have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice including the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Statement of Recommended Practice for registered housing providers: Housing SORP 2018.

The financial statements comply with the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

The Charity 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 Charity has adequate resources to continue in operational existence for the foreseeable future. Although at the balance sheet date the Charity had £1.5m of net current liabilities and net liabilities of £7.2m, cash reserves are £2.7m. The trustees also note the details regarding a potential clawback of housing benefit contained in the Contingent liability note 25 however they do not consider this to be a material uncertainty The Charity continues to work through the Regulatory Plan drafted in 2020 and any financial impacts from the actions taken are incorporated into the budget or long term financial plan.

The current 30 year business plan indicates that the Charity has sufficient cash to operate for at least the next five years. The plan also stress tested several scenarios including impact of further increases in maintenance costs above the 2024 budgeted levels. The cash balance remained positive after a further 10% increase but dropped to nil after a 15% increase. A 15% increase in service charge income would mitigate the cash decrease.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the charitable objectives.

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.

Interest receivable is recognised when the right to receive payment is established.

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 depreciated on a straight-line basis over the primary period of the lease.

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

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

1.7 Other tangible fixed assets

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

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

Plant and machinery	Straight-line basis over 5 years
Computers	Straight-line basis over 3 years

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 Borrowing costs related to fixed assets

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

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

1.9 Cash and cash equivalents

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

1.10 Financial instruments

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

Financial instruments are recognised in the Charity's balance sheet when the Charity 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 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 Charity's contractual obligations expire or are discharged or cancelled.

1.11 Leases

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

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

2 Critical accounting estimates and judgements

In the application of the Charity'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 2023 was £14,966,825 (2022: £12,630,251).

Leasehold Property Improvements
Management reviews its estimate of the useful lives of depreciable assets in properties for which there is 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.

Classification of leases

Management classifies a lease as a finance lease if it transfers substantially all the risk and rewards of ownership to the Charity. All other leases are classified as operating leases. The charity has reviewed its lease agreements and concluded that there are a number of leases where substantially all the risks and rewards of ownership are transferred to the Charity either because there is an option or legal requirement to purchase the property at the end of the lease, the leases are for the major part of the economic life of the property or because the property cannot be easily repurposed for use by other organisations or tenants. The remaining leases are classified as operating leases as the conditions listed above for the classification of finance lease do not apply to those leases.

Maintenance of properties

Classification of Maintenance Provision
Management has classified the requirement to repair the Care Management Group portfolio as a provision as there is a contractual agreement to carry out this work, or to refund funds allocated to this activity. To date the provision has been utilised against revenue expenditure on this project.

Dilapidations
Management has considered dilapidations and has concluded there is no requirement to provide for these as it is not always probable that the Charity would have to incur these costs and it cannot reliably estimate the value of any future liability.

3 Turnover, operating expenditure and operating surplus

	Note	Turnover 2023 £	Operating expenditure 2023 £	Operating surplus 2023 £	Turnover 2022 £	Operating expenditure 2022 £	Operating surplus 2022 £
Social housing lettings	4	27,199,689	(25,622,207)	1,577,482	25,167,948	(23,479,684)	1,688,264
		27,199,689	**(25,622,207)**	**1,577,482**	**25,167,948**	**(23,479,684)**	**1,688,264**

4 Particulars of income and expenditure from social housing lettings

	2023 Total	2022 Total
Turnover from social housing lettings		
Rent receivable net of identifiable service charges	23,901,562	22,223,223
Service charge income	3,298,127	2,895,975
Property acceptance fees	-	48,750
Turnover from social housing lettings	27,199,689	25,167,948
Expenditure on social housing lettings		
Management	(3,438,428)	(2,524,849)
Service charge costs	(4,798,471)	(3,934,396)
Routine maintenance	(788,886)	(681,204)
Planned maintenance	(757,729)	(1,354,219)
Bad debts	(203,539)	(381,116)
Depreciation on housing properties	(2,523,216)	(2,503,068)
Lease costs	(13,111,938)	(12,100,832)
Expenditure on social housing lettings	(25,622,207)	(23,479,684)
Operating surplus on social housing lettings	**1,577,482**	**1,688,264**
Void losses (rental income lost as a result of property not being let)	**2,272,480**	**1,836,151**

All the above income and expenditure relates to supported housing.
.

5 Accommodation owned and managed

	Number of properties			Number of properties		
	2023	2023	2023	2022	2022	2022
	Owned	Managed	Total	Owned	Managed	Total
Social Housing						
Under management at end of year:						
Supported housing	275	12	287	282	12	294

	Number of units			Number of units		
	2023	2023	2023	2022	2022	2022
	Owned	Managed	Total	Owned	Managed	Total
Social Housing						
Under management at end of year:						
Supported housing	1,469	253	1,722	1,489	253	1,742

Owned properties include those leased under operating and finance leases. Managed properties include those registered schemes where BeST does not have a direct relationship with the tenant. There has been a reduction of 20 units during the year as non-compliant schemes have been returned.

6 Operating surplus

	2023	2022
	£	£
The operating surplus is stating after charging:		
Fees payable to the company's auditor for the audit of the Charity's financial statements (excluding VAT)	24,000	20,800
Depreciation of other owned tangible fixed assets	38,703	39,261
Depreciation of housing properties held under finance leases	2,292,917	2,309,191
Depreciation of housing properties owned	191,596	154,616
Operating lease charges	13,111,938	12,100,832

7 Auditor's remuneration

The analysis of auditor's remuneration is as follows:

Fees payable:	2023	2022
	£	£
Audit of the annual accounts	24,000	20,800
All other non-audit services	950	900
Total fees	**24,950**	**21,700**

8 Interest, other income and expenditure

	2023	2022
	£	£
Interest receivable and other income		
Interest	25,052	4,445
	25,052	**4,445**
Interest payable and financing costs		
Unwinding of finance lease commitment	**(3,622,181)**	**(3,687,664)**

9 Employees

Number of employees

The average monthly number of employees during the year was:

	2023	2022
	Number	Number
Management	7	7
Support	34	31
Executive team	3	3
	44	**41**

The average weekly number of persons employed during the year expressed in full time equivalents (35 hours per week) was 44 (2022: 41)

Employment costs	**2023**	**2022**
	£	£
Wages and salaries	1,650,770	1,500,971
Social security costs	173,894	162,214
Other pension costs	32,187	29,172
	1,856,851	**1,692,357**

9 Employees

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

	2023 Number	2022 Number
£60,001 to £70,000	4	2
£90,001 to £100,000	3	3

10 Trustees

No trustees received any remuneration in their roles as directors of the Charity in the year ended 30 September 2023 (2022: None). See further disclosure of payments to trustees in note 21.

No expenses were paid to trustees during the year (2022: nil).

11 Key management personnel

The key management personnel of the Charity comprise the trustees, the executive commercial officer, executive operations officer, and the executive finance officer.

	2023 £	2022 £
Aggregate emoluments paid to key management personnel	282,834	269,940
Employers NI	35,516	35,083
Pension contributions	3,963	3,963
	322,313	**308,986**
Emoluments paid to the highest paid executive officer (excluding pension contributions)	**94,464**	**89,980**

	No.	No.
The number of key management personnel to whom retirement benefits are accruing under defined contribution schemes	**3**	**3**

Contributions to the defined contribution pension scheme on behalf of the executive team total £3,963 (2022: £3,963).

The executive team are ordinary members of the pension scheme, and no enhanced or special terms apply. The Charity does not make any further contribution to an individual pension arrangement for the executive team.

12 Tangible Fixed Assets

	Leasehold Property	Leasehold Property Improvements	Plant and machinery	Computers	Total
	£	£	£	£	£
Cost					
At 1 October 2022	76,984,417	1,749,975	17,050	124,089	78,875,531
Additions	-	686,241	7,422	39,642	733,305
Disposals	(761,620)	(17,785)	-	(16,997)	(796,402)
At 30 September 2023	76,222,797	2,418,431	24,472	146,734	78,812,434
Depreciation					
At 1 October 2022	12,207,800	335,494	9,620	77,337	12,630,251
Depreciation charged in the year	2,292,917	191,596	4,646	34,057	2,523,216
Elimination in respect of Disposals	(157,782)	(11,864)	-	(16,996)	(186,642)
At 30 September 2023	14,342,935	515,226	14,266	94,398	14,966,825
Carrying amount					
At 30 September 2023	**61,879,862**	**1,903,205**	**10,206**	**52,336**	**63,845,609**
At 30 September 2022	**64,776,617**	**1,414,481**	**7,430**	**46,752**	**66,245,280**

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts. The depreciation charged in respect of such assets amounted to £2,292,917 (2022: £2,309,191) for the year.

	2023	2022
	£	£
Leasehold Property	**61,879,862**	**64,776,617**

13 Debtors

	2023	2022
	£	£
Amounts falling due within one year:		
Rent and service charge arrears	1,919,306	1,988,885
Less: provision for bad and doubtful debts	(400,000)	(400,000)
Net rent and service charge arrears	1,519,306	1,588,885
Other debtors	4,941	1,909
Prepayments and accrued income	256,782	362,518
	1,781,029	**1,953,312**

14 Creditors: amounts falling due within one year

	Notes	2023 £	2022 £
Obligations under finance leases	17	1,266,008	1,219,717
Other taxation and social security		49,535	45,334
Trade creditors		2,113,124	1,497,031
Rent and services charges received in advance		79,294	185,229
Other creditors		64,814	165,815
Accruals and deferred income		2,411,900	2,182,310
		5,984,675	**5,295,436**

15 Creditors: amounts falling due after more than one

	Notes	2023 £	2022 £
Obligations under finance leases	17	68,431,287	70,376,301
Other creditors		1,061,020	1,068,702
		69,492,307	**71,445,003**

16 Analysis of net assets between funds

	Unrestricted 2023 £	Restricted 2023 £	Total 2023 £	Unrestricted 2022 £	Restricted 2022 £	Total 2022 £
Fund balances at 30 September 2023 are represented by:						
Tangible assets	63,845,609	-	63,845,609	66,245,280	-	66,245,280
Current liabilities	(1,531,579)	-	(1,531,579)	(30,906)	-	(30,906)
Long term liabilities	(69,492,307)	-	(69,492,307)	(71,445,003)	-	(71,445,003)
	(7,178,277)	**-**	**(7,178,277)**	**(5,230,629)**	**-**	**(5,230,629)**

17 Finance lease obligation

Future minimum lease payments due under finance leases:

	2023	2022
	£	£
Within one year	1,266,008	1,219,717
Within two and five years	5,709,306	5,499,320
In over five years	62,721,981	64,876,981
	69,697,295	**71,596,018**

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

18 Operating lease commitments

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

Land and buildings:

	2023	2022
	£	£
Within one year	12,298,265	11,854,600
Between two and five years	53,380,837	49,651,100
In over five years	165,265,787	162,579,700
	230,944,889	**224,085,400**

Office equipment:

	2023	2022
	£	£
Within one year	4,507	480
Between two and five years	7,887	-
	12,394	**480**

19 Capital commitments

At 30 September 2023 the Charity had capital commitments as follows:

	2023 £	2022 £
Contracted for but not provided in the financial statements:	86,939	93,732
Approved but not contracted for in the financial statements:	-	-
	86,939	**93,732**

These costs relate to a contractually agreed maintenance programme relating to a specific property portfolio.

20 Events after the reporting date

Steve Boyd retired as Commercial Director on 31 December 2023. Steve Fensom joined the organisation as Chief Executive on 1 February 2024. He retains his position as Chief Executive of Westmoreland Supported Housing Limited. The Trustees have confirmed there are no other events after the reporting period that are required to be disclosed.

21 Related party transactions

Year Ended 30 September 2023
No payments were made by the Charity to the trustees or their associated companies for their roles as consultants in the year to 30 September 2023. No balances were due to related parties at 30 September 2023.

Year Ended 30 September 2022
No payments were made by the Charity to the trustees or their associated companies for their roles as consultants in the year to 30 September 2022. No balances were due to related parties at 30 September 2022.

22 Ultimate controlling party

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

23 Analysis of changes in net (debt)/funds

	At 1 October 2022	Cash flows	At 30 September 2023
	£	£	£
Cash at bank and in hand	3,311,218	(639,151)	2,672,067
Obligations under finance leases	(71,596,018)	1,898,723	(69,697,295)
	(68,284,800)	**1,259,572**	**(67,025,228)**

24	**Cash generated from operations**	**2023**	**2022**
		£	**£**
	Deficit for the year	(1,947,648)	(1,994,955)
	Adjustments for:		
	Investment income recognised in statement of comprehensive income	(25,052)	(4,445)
	Interest on finance leases	3,622,181	3,687,664
	(Gain) / Loss on disposal of tangible fixed assets	(71,999)	1,328
	Depreciation and impairment of tangible fixed assets	2,523,216	2,503,068
	Movements in working capital:		
	Decrease in debtors	172,283	301,413
	Increase in creditors	635,266	231,434
	Cash generated from operations	**4,908,247**	**4,725,507**

25 Contingent liability

There is a risk that BeST may be subject to a housing benefit clawback from previous years. The value and timing of any potential clawback cannot yet be quantified or determined, as it will be established following discussions and assessments by Housing Benefit. Discussions with Housing Benefit are likely to begin in the latter half of the 2024 financial year, with any potential clawback being subject to a repayment plan in the 2025 financial year. BeST is working with its superior landlords to ensure any housing benefit repayment liability is funded by them.