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 2021

BESPOKE SUPPORTIVE TENANCIES LTD

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	Andrew Bailey Paul Carhart Stephen Close Philip Elvy Thomas Miskell (Chair)
Executive team	Irene Bailey (Finance Director) Steve Boyd (Commercial Director) Shelley Hobbs (Managing Director)
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 St George’s House 215-219 Chester Road Manchester M15 4JE
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 2021

Chair's Statement

The 2020/21 financial year has seen Bespoke Supportive Tenancies (BeST) continue to work towards full compliance with the standards of the Regulator of Social Housing against the backdrop of the Covid-19 pandemic.

At the year end, significant progress has again been made across several key areas including landlord health and safety compliance, developing our maintenance service delivery, and meeting the requirements of the Rent Standard. BeST has developed its financial data across its portfolio which provides for more accurate decision making; has maintained momentum in acquiring evidence to support a significant percentage of its stock being classed as Specialist Supported Housing and has achieved a very high level of landlord health and safety compliance throughout the year, despite the Covid 19 pandemic.

These achievements have been made whilst the organisation adapted its service provision to meet the needs of our residents throughout the pandemic. Due to the client groups that BeST house, and the frequent changes to guidance throughout the pandemic the Charity has been met with access issues when carrying out landlord compliance and maintenance work; despite all these issues service delivery was not dramatically impacted.

The Charity has been working through the Regulatory Recovery Plan that was drafted early in 2020 and has kept the Regulator aware of its progress throughout the year. At the year end, the Charity finds itself in a much stronger position, but work is still required to ensure that BeST maintains its financial viability going forward.

Whilst early conversations have taken place with funders, the key task remaining for Board is to complete lease negotiations with its funders. These negotiations will influence the future of the Charity and will determine whether the lease-based model can work financially, within the confines of the Regulatory Framework.

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 part of our Regulatory Recovery Plan, as well as continuing to deliver services to our vulnerable tenants during the pandemic with the varying degrees of lockdown that we have experienced. The Executive team have continued to work collaboratively in the absence of a CEO which has proved to be successful, and the results are evident in terms of progression.

Chairman

Dated: 18 March 2022

BESPOKE SUPPORTIVE TENANCIES LTD

STRATEGIC REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2021

The trustees present their Strategic Report together with the audited financial statements for the year ended 30 September 2021.

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, 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 charitable company)", as set out in its Memorandum and Articles, is to provide accommodation for vulnerable adults in partnership with support providers. BeST works closely with service providers such as Local Commissioning Groups, Local Authorities, Housing Benefit Departments, Care and 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.

Public benefit

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

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

Strategic Review

Regulatory position

The year has 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 Recovery Plan that was compiled following the organisation's initial self-assessment against the Regulatory Standards after regulatory engagement commenced.

The Board continues to make a positive impact upon the Charity, whilst working within the confines of the Regulatory Standards and striving to meet the Regulator's expectations. The Board has maintained its focus on regulatory compliance and has seen significant changes across the organisation during 2020/21.

Although BeST's regulatory position remains largely unchanged, positive feedback has been received from the Regulator regarding the progress it has made to date. BeST also appears to be further along its regulatory journey than its peers within the lease-based sector, especially in terms of the work undertaken by the Charity to meet the requirements of the Rent Standard. Further work continues for a small percentage of stock to meet overall rent compliance.

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. Systems are in place to evidence that the highest standards of health and safety for tenants are in place. BeST has maintained a sizeable cash balance through the year and the financial viability and risk position is hoped to be improved further through lease discussions with funders and internal efficiency reviews. The Charity made some positive headway with its funders in respect of these lease negotiations in 2020/21, which will help negotiations throughout 2022.

Operations

Although the Charity has adopted a policy of 'no growth' whilst it works through its regulatory requirements, properties already in the pipeline have come on-line during the year. The Charity ended the year with 1,771 units of accommodation following a 1% decrease of units from September 2020.

The 'Thorntree Farm' scheme, which provides 23 units of accommodation, with respite care offered and an on-site cafe offering educational opportunities for vulnerable adults, suffered delays during the year primarily around snagging and final warranties. This last of the pipeline schemes went live in June 2021 and helped to partially offset a reduction of 39 units because of BeST's decision to return non-compliant stock.

BeST closely reviews leases to ensure that they are financially viable and can meet the Rent Standard. The portfolio includes 259 registered units, a decrease of 6% from last year, because of one scheme deregistering. The occupancy levels within the supported living portfolio remained constant at around 85%, which is the target as voids are generally covered by nomination agreements.

BeST's portfolio is dispersed across England & Wales and so the organisation has faced difficulties with the differing lockdown arrangements that have been in place. The housing management team has been working a hybrid model of home working and in the field, in line with the various Covid restrictions and recommendations outlined by both central government and the Welsh Assembly. The client groups that BeST house include some of the most vulnerable within our society, which has resulted in challenges in continuing to provide services where tenants are shielding. Care and support for BeST's tenants is delivered by support providers, commissioned by Commissioning Authorities. These organisations have gone above and beyond to ensure that the delivery of care throughout the pandemic has seen little impact, despite rising infections and more stringent lockdown restrictions at times.

Despite these restrictions, the year has seen significant improvements across the organisation. Acuity carried out a survey of our tenants in order to provide us with a detailed picture of their demographics including needs, lifestyles and aspirations. This will enable us to inform, change and refine the services we offer in the future.

The organisation has invested heavily in updating its policies and procedures during the year and that programme of work continues. BeST now has an up to date, and independently verified, stock condition survey of its stock, which has been used to help identify maintenance liabilities over the course of the 30-year business plan model, which has been developed using the BRIXX financial modelling tool. This information has been used to inform the asset management team of the planned and cyclical works for the years ahead. During the year, desk top surveys were carried out due to the pandemic restrictions and then were further updated with on-site surveys.

The Charity is establishing a robust Service Level Contract Register and is investing heavily in developing a fully integrated, real time, monitoring system for support providers including detailed processes around safeguarding, health and safety, care, and support delivery.

A decision was made for the maintenance team to remain in the office during the year as their service to our vulnerable tenants was adjudged to be essential, and not something that could be delivered whilst working from home. As with all organisations since Covid arrived, staff at BeST have grown accustomed to home working and the use of virtual meetings. BeST has thankfully not suffered any significant Covid19 outbreaks amongst its staff and physical and mental well-being remains positive across all the teams.

Year Ahead

The Board remain clearly focused on securing a viable future for the Charity and 2021/22 will see the finalisation of several key projects that will contribute to this. The work is drawing to a completion on securing compliance with the Rent Standard and the Board has engaged with BeST's main funders to review and, where possible, renegotiate aspects of the lease agreements. Positive inroads have been made with two key funders accounting for 50% of the portfolio. Change event clauses are to be added retrospectively across specific leases during the 2021/22 financial year. Discussions with funders are currently progressing and there remains a clear intent of support from all funders to assist the Charity in reaching a more compliant position in respect of the lease-based model.

During 2021/22, BeST will also consider its operational structure to ensure it is fit for purpose, to take advantage of opportunities whilst delivering the Charity's approved business plan.

Having maintained service delivery throughout the pandemic, BeST understands restrictions for staff and tenants will remain in place for some time, due to age and vulnerabilities. BeST will continue to provide its tenants with the highest possible service during these restrictions whilst delivering further operational tasks during 2022, including:

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

The Charity has revised its strategic plan, considering the current financial constraints that it faces, to focus on the short-term delivery of the Regulatory Recovery Plan and the Board's Business Plan. Bringing the lease renegotiations to a positive conclusion may allow the organisation to reassess its strategic goals. This could lead to the establishment of a plan that is not only financially viable but also allows the Charity to continue to meet its charitable objectives by considering opportunities, which may provide accommodation for those requiring support as it is evident that there is continuing demand for such accommodation in the sector.

Following events in Ukraine and sanctions placed on Russia and Belarus by the UK Government, Best has reviewed its supply chain and funder counterparts and as far as it is aware it does not have any exposure to the sanctions.

Financial Review

The Charity reported a deficit for the year of £1.6m (2020: Deficit £1.7m).

The Charity has seen a £1.3m (6%) increase in turnover this year. Although the number of units at year end is lower when compared to the previous year end, the average throughout the year at 1,785 is 2% higher than the previous year. The average void % is also slightly lower this year, albeit they are both at 15%.

The year has also seen a corresponding £1.3m (6%) increase in operating expenditure. Lease costs have increased by 6% to match the increased income. Other notable costs include an additional £0.1m (6%) on depreciation. This is mainly due to additional depreciation on the new Finance Lease scheme which went live during the year.

The year has seen a £0.9m (26%) increase in maintenance as the Charity starts on a programme of planned maintenance following a review of the properties through stock condition surveys. There has also been a £0.5m (12%) reduction in overheads this year. This is mainly due to a £0.2m reduction in professional and consultancy costs and a £0.3m reduction in the bad debt charge as it returns to a more usual level following a catch up in costs last year.

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 on the creditor result in the value of the finance lease creditor being higher than the value of the asset in the early years of the lease. This reverses as it moves to the latter part of the lease term. At year end the value of the finance lease creditor was £5.6m higher than the value of the properties which has contributed to the balance sheet net liabilities of £3.2m.

Overall, there has been a slight increase in the operating surplus this year. There has also been a £0.1m reduction in finance lease interest which has resulted in the loss for this year being £0.15m better than the loss in the previous year.

The Charity has a healthy year end cash balance.

Reserves policy

The Board approved a change to BeST's Reserves Policy 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, BeST will retain unrestricted cash reserves of £750k. This figure excludes lease payments, which in 2020/21 were £17m. BeST would need the support of its funders were there to be any variations in its income and the current renegotiation activity with funders includes looking at what support may be offered. 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 was in jeopardy. 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 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 2021, BeST had total cash reserves of £3.9m, of which £2.9m was unrestricted.

The Charity held negative reserves of (£3.2m) (2020: (£1.7m)) at 30 September 2021 and £660 (2020: £732) in restricted reserves. Free reserves, i.e., unrestricted funds excluding tangible fixed assets, were (£71.5m) (2020: (£68.2m)) at 30 September 2021, as £68.2m (2020: £66.5m) is represented by fixed assets which are currently being held under finance lease. The associated finance lease creditor included within free reserves is £72.7m (2020: £70.2m).

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 is challenging delivering models and management have built efficiency targets into the annual budgeting process.

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 established an organisation wide review (Project Dolly) of processes with economy and efficiency at its heart. The proposed efficiency savings have been built into the financial business plan going forward.

BeST operates the lease-based operating model. This results in particular financial outcomes due to the accounting requirements around 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 an objective of Project Dolly is 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 three years, as well as a forward look across the next two years. 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 2019**	**Actual 2020**	**Actual 2021**	**Budget 2021**
Reinvestment %	0.6%	0.4%	6%	6%
New supply delivered (Social housing units) %	13%	4%	2%	1%
New supply delivered (Non-social housing units) %	0%	0%	0%	0%
Gearing %	98%	99%	101%	103%
EBITDA MRI interest cover %	146%	107%	104%	127%
Headline social housing cost per unit	£8,200	£10,280	£11,435	£11,012
Headline social housing cost per unit excluding lease costs payable	£3,052	£3,931	£4,627	£4,319
Headline social housing cost per unit including finance lease interest payable	£10,410	£12,346	£13,470	£13,143
Operating Margin (social housing lettings) %	17%	9%	8%	12%
Operating Margin (overall) %	17%	9%	8%	12%
Return on capital employed (ROCE)	5%	3%	3%	4%

Backward looking

2021 Reinvestment and New Supply (Social Housing) metrics are low because they reflect the Charity's no growth strategy. The supply delivered in the year relates to the last pipeline property (Thorntree Farm) being delivered.

Gearing remains high and there has been minimal movement in the metrics across the years because of how the Charity is financed through the lease-based model. The movement in gearing from 2020 to 2021 is also partially due to the final new property being financed via a finance lease.

EBITDA MRI interest cover metric has decreased by 3% in 2021 . The decrease was caused by a combination of an £0.2m reduction in the EBITDA MRI, partially offset by £0.1m lower financing costs. The 2021 actual metric was not as high as was budgeted as the actual operating surplus is lower than budget, as both routine and capitalised maintenance are higher than was budgeted as the Charity undertook a range of additional works following the detailed stock condition survey.

The headline social housing costs per unit are calculated using the year end number of units, rather than the average for the year. This has had an impact on the 2019 metrics since the year end number of units is 8% higher than the average which has lowered the 2019 metric and exaggerated the movement between 2019-2021.

The headline social housing cost per unit excluding lease costs has increased by 52% since 2019, a 29% increase in 2020 and a further 18% increase in 2020. £1,558 of the £1,575 increase in cost per unit is due to increased maintenance and capitalised major repair expenditure which has risen by £2.8m across the three years. This increase would have been a 29% increase, or £1,292 if averages had been used. The Charity has focussed on Health & Safety compliance work and their associated costs as well as a large increase in planned maintenance and capitalised major repairs because of the recent stock condition surveys undertaken. Lease costs have also increased during the year with the addition of a new finance lease. Another factor in the increase is that the total number of units has dropped since 2020, as some non-compliant schemes have been handed back.

The increase in headline social cost per unit is as noted above plus the impact of lease costs which have also increased during the period, due to inflation rises and the impact of full year costs in 2020 and 2021 on schemes which were new during 2019 and 2020.

The Charity's operating margin has remained stable at 2020 level with only a small 0.19% decrease in 2021. The turnover has increased as the final new scheme has come on-stream, which has offset the loss of income on non-compliant schemes being returned. Lease and maintenance costs have increased as already noted above. The bad debt provision has reduced, as the charge in 2021 has returned to a more business as usual level after a catch up in 2020. The 2021 operating margin is lower than the budget due to higher than anticipated maintenance costs already noted above.

The Charity's ROCE has stabilised since the drop in 2020 with a small 0.06% increase within the %. There has been a small increase of £0.1m in its operating surplus when compared to a £0.9m increase in its total assets less current liabilities

RSH VFM Metrics	**Actual 2021**	**Budget 2021**	**Acuity 2021***	**Forecast 2022**	**Forecast 2023**
Reinvestment %	6%	6%	2%	0%	0%
New supply delivered (Social housing units) %	2%	1%	0%	0%	0%
New supply delivered (Non-social housing units) %	0%	0%	0%	0%	0%
Gearing %	102%	103%	12%	104%	105%
EBITDA MRI interest cover %	104%	127%	356%	126%	143%
Headline social housing cost per unit	£11,435	£11,012	£4,847	£11,315	£11,090
Headline social housing cost per unit excluding lease costs payable	£4,627	£4,319	-	£4,307	£4,114
Headline social housing cost per unit including finance lease interest payable	£13,470	£13,143	-	£13,474	£13,559
Operating Margin (social housing lettings) %	8%	12%	21%	10%	14%
Operating Margin (overall) %	8%	12%	20%	10%	14%
Return on capital employed (ROCE)	3%	4%	3%	4%	6%

*A peer group of supported housing providers

Forward looking

Reinvestment and New Supply (Social Housing) metrics are nil 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 the future because of an improved operating surplus due to forecast operational efficiencies from the company wide Project Dolly initiative.

The headline social housing cost per unit remains relatively stable in the future as operational efficiencies are partly cancelled out by the reducing number of units as schemes are returned at the end of their lease.

The forward-looking operating margin and ROCE metrics reflect the changes already mentioned, as they show the impact of forecast efficiency savings previously noted.

Operational Performance

Operational Metrics	Actual 2021	Budget 2021	Forecast 2022	Forecast 2023
Same day repair	96%	99%	99%	99%
Urgent (24hr) repair	96%	95%	95%	95%
Routine	96%	95%	95%	95%
First time fix	95%	95%	95%	95%
Asbestos certification	100%	100%	100%	100%
Legionella certification	99.7%	100%	100%	100%
Fixed wire certification	100%	100%	100%	100%
CP12 (gas) certification	99.8%	100%	100%	100%
FRA certification	100%	100%	100%	100%
Portable appliance testing (PAT)	93%	100%	100%	100%
Occupancy	85%	85%	87%	89%
Void	15%	15%	13%	11%
HB turnaround (days)	5	7	7	7
Total Arrears (£m)	0.94	1.25	1.08	1.08
Current arrears (£m)	0.96	1.07	0.89	0.89
Units in full payment	98.0%	99.0%	99.3%	99.3%
HB claims in tribunals	1.0%	1.0%	0.8%	0.8%

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.

As shown above the emphasis on tenant safety has resulted in 5 of the 6 compliance testing metrics being above 99.7% with 3 being at 100% compliance. In addition, BeST's internal target response times for repairs are being met in 3 out of 4 measures. Same day repairs are being achieved in 96% of occasions, a little below the internal target of 99%

Voids have been stable at 15% throughout the year which is encouraging given the challenges of housing vulnerable adults during the Covid-19 pandemic. BeST has recently recruited a new void manager to work with care providers and HB units to reduce the level of voids in the future. Arrears are lower than previous year and budget whilst 98% of units are in full payment.

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

Governance

Governing document

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

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 new Trustees with specific social housing sector skills and extensive regulatory experience were brought on to the Board in 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 is currently operating without a chief executive 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 expanded. Also, sub-committees will be established to deal with Board recruitment and executive pay, alongside audit, risk and control matters.

BeST has developed a suit 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. Several staff, including the executive were identified as having salary below the norm. These anomalies would be dealt with as part of the organisational restructure which is due to be implemented during 2022. The remuneration arrangements for the executive team will be reviewed and agreed as part of the organisational restructure process.

Regular contact has been maintained with the Regulator throughout the year. As noted elsewhere in the Directors' 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

In August 2021, the Board adopted the 2020 NHF Code of Governance. A gap analysis against the new Code was undertaken in August which identified a number of areas where work was required to achieve full compliance. This was updated by a full self-assessment in December 2021. The latest self-assessment identified that there was non-compliance with just 2 elements of the Code.

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 are of the view that it meets the requirements of the Code, specifically putting the principles into practice.

A key element of the regulatory activity is to secure financial viability and once this has been achieved, the Board has acknowledged that much of the improvement work could be dealt with through 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.

BeST has made significant improvements in a number of areas around governance. During the year a detailed tenant satisfaction survey was undertaken, giving the Board fresh insight into tenant's views on BeST and the services it provided. These surveys will now be undertaken on a more regular basis providing the Board with key tenant insights.

Board is keen to instil the right culture within BeST and to this end various developments have been initiated including coaching sessions for the executive team, joint business planning meetings between the executive and management teams and implementing a hybrid working system. The Charity is also undertaking a staff survey which will provide in insight into the culture within the organisation.

The specific areas of non-compliance with the Code were:

- Strategy, resources and plans – as a result of the current stand-still business strategy until the regulatory position is clarified, the business plan could include more details around sustainability issues, but the uncertainty of the Charity's future has meant that the business plan is specifically focused on achieving regulatory compliance. Once a clear strategic direction has been established after regulatory engagement ends, the business plan will reflect these broader issues.
- A dedicated senior board member (SID) – with a small board it is considered that this role is not practical for BeST at present. Once regulatory compliance is achieved, a full board recruitment exercise will be undertaken, and consideration would then be given as to the need for a SID.

The areas of non-compliance 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 regulator engagement, is to achieve full compliance by September 2022.

Regulatory Standards

During the year, BeST has also undertaken detailed self-assessments against the Regulator's Regulatory Standards. The Board were pleased to note that significant improvements in compliance with Standards had been achieved through completion of actions within the Regulatory Recovery Plan. The self-assessment against the Governance and Financial Viability Standard noted that the Charity was compliant subject to the element that states that

"Governance arrangements shall ensure registered providers comply with their governing documents and all regulatory requirements."

This non-compliance arose due to having only partial compliance with the Rent Standard. BeST has undertaken a self-assessment against the Rent Standard and noted that full Specialist Supported Housing evidence requirements for exemption are not in place for 17% of its units. This figure is significantly lower than it was 12 months ago and the Board is confident that evidence will be obtained for these properties to allow the rent exemption to be applied.

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 review the strategic risk register twice a year and consider 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 have continued to meet monthly, with a focus on activity to reach 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.

Risk management activity continues to be impacted by the Covid-19 pandemic. The mitigations put in place by BeST has seen the Charity end the year with staff able to work from the office with a hybrid-working model being developed and landlord health & safety compliance activity being up to date.
Risk and control awareness training is being rolled out across the organisation, whilst Heads of Department have been developing their departmental risk registers to further embed risk management throughout the Charity.

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
High	Financial viability – Lease exposure	a) A 30 year business plan produced with latest stock condition and lease review data b) Individual financial appraisal to be made of each scheme using up to date lease and stock condition data
Medium - High	Legal & regulatory – Breach of regulatory standards	a) Active regulatory engagement with the RSH b) DTP appointed as advisors c) Annual self-assessments carried out against each Standard d) MYSHON appointed to undertake and manage the landlord health & safety compliance for BeST e) Monthly Board meetings review the Regulatory Recovery Plan (arrived at following self-assessment against Regulatory Standards) which covers key projects including rent compliance f) Agreed methodology approved by the Board for meeting the requirements of the Rent Standard
Medium - High	Asset management – compliance with carbon reduction requirements	a) An up to date stock condition survey is in place b) A programme of reviews to keep the survey updated has been

Risk	Risk category	Mitigations
		implemented c) A full lease review has been undertaken to confirm responsibilities d) Lease negotiations include discussion around carbon reduction requirements
Medium - High	Housing Operations – Low data integrity	a) Stock condition and lease review work resulted in up to date data being held on stock b) Finance team has an ongoing programme of reviewing balance sheet accounts
Medium - High	Housing Operations – Voids	a) For 90 days BeST covers any voids that occur. Beyond 90 days voids become the responsibility of the care provider or local authority if an agreement is in place. b) SLAs with care providers and LAs to provide referrals c) KPIs on property voids set targets which are monitored against on a monthly basis d) Specific Voids Manager appointed
Medium - High	Financial viability – Fire safety cost	a) Programme of fire safety works identified from FRAs b) Outcomes of inspections by local fire officers on behalf of the support provider are unknown. Pending outcomes, BeST and Support Providers must work collaboratively to ensure accommodation is appropriate for tenant placement or consider alternatives.

Internal control

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

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

The Board is aware that the internal control framework has developed significantly over the past year. This has been evidenced by increased compliance with the Regulatory Standards and improvements in the annual audit. 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.
- Risk management and business planning framework in place.
- Six monthly review of the strategic risk register by the Board.
- Corporate planning and budgeting process which sets clear objectives, agrees plans, and allocates resources.
- Stress testing of the business plan and review of the assumptions used, with mitigation plans.
- Robust performance monitoring by the Board against an agreed set of key performance indicators.
- 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.
- Annual review of the Asset and Liability Register.
- Implementation of a programme of internal control reviews.
- Clearly established authorisation and appraisal procedure for renewal of short-term leases.
- A portfolio of policies and procedures being progressed, with regular reviews and updates.

The small size of the Charity and the client group it works with does make formal tenant scrutiny arrangements challenging but the Charity is working on providing a variety of informal feedback mechanisms to ensure that the 'tenants' voice' is captured and listened to. BeST has now established a Tenant Scrutiny Group and they will be involved in a number of projects including reviewing the new Service Standards and getting involved in BeST's communications with customers.

Although the Charity does not have an internal audit function due to its small size, during the year the Board agreed to implement a programme of internal control reviews until the regulatory position was clarified and consideration could be given to appointing internal auditors on a contract basis. An internal control review of the gas servicing process was carried out and reported reasonable assurance. Further reviews are due to be undertaken during 2021/22. As part of these reviews, Heads of Department will be supported in developing their departmental risk registers. 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.

The Charity maintains a fraud register and reports to Board and the Regulator any occurrences. During the year, BeST suffered a cyber-attack which resulted in a financial loss of £11k through its rent refund processes although there were no losses for any of our tenants or partners. A full investigation was carried out by RSM Risk Assurance Services which identified the source of the cyber-attack. An action plan was derived from the recommendations made in the report and these are being implemented by the Executive Team. A key aspect of the work is to increase the awareness of staff to cyber and fraud threats. Organisation-wide training has been put in place to ensure that staff have the tools and knowledge to deal with these situations. Procedures have also been reviewed and updated but the key lesson from the incident was the need for improved staff awareness of the possible cyber threats that exist.

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 2021.

Trustees
The trustees who served during the year are shown on page 9.

Statement of Compliance
The charitable company 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 charitable company'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 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.
- 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 charitable company will continue in operation.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company’s transactions and 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 Direction for Registered Providers of Social Housing 2022. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the charitable company’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 appoint 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 18th March 2022 and signed on its behalf by:

....

Thomas Miskell

Trustee

Dated: 18 March 2022

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 2021 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 2021 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

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

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

We have nothing to report in respect of the following matters in relation to which 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 14, 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 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.

Sue Hutchinson FCCA (Senior Statutory Auditor) Beever and Struthers
For and on behalf of
Beever and Struthers
Statutory Auditor
St George's House
215-219 Chester Road
Manchester
M15 4JE
Date: 24 March 2022

BESPOKE SUPPORTIVE TENANCIES LTD

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Notes	2021 £	2020 £
Turnover	**3**	24,293,642	22,966,570
Operating expenditure	**3**	(22,261,225)	(21,002,037)
Operating surplus		2,032,417	1,964,533
Interest receivable and other income	**8**	1,146	5,049
Interest payable and similar charges	**8**	(3,602,746)	(3,692,309)
Total comprehensive income for the year		**(1,569,183)**	**(1,722,727)**

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 19 to 36 were approved and authorised for issue by the Trustees on 18th March 2022 and were signed on its behalf by:

Philip Elvy
Trustee

Thomas Miskell
Trustee

The notes on pages 23 to 36 form part of these financial statements.

BESPOKE SUPPORTIVE TENANCIES LTD

STATEMENT OF CHANGES IN RESERVES

FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Notes	Unrestricted reserves £	Restricted reserve £	Total £
Balance at 1 October 2019		55,311	925	56,236
Deficit from statement of comprehensive income		(1,722,534)	(193)	(1,722,727)
Balance at 30 September 2020	**17**	(1,667,223)	732	(1,666,491)
Balance at 1 October 2020	**17**	(1,667,223)	732	(1,666,491)
Deficit from statement of comprehensive income		(1,569,111)	(72)	(1,569,183)
Balance at 30 September 2021	**17**	**(3,236,334)**	**660**	**(3,235,674)**

The notes on pages 23 to 36 form part of these financial statements.

BESPOKE SUPPORTIVE TENANCIES LTD

STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2021

	Notes	2021 £	2021 £	2020 £	2020 £
Fixed assets					
Tangible assets	**12**		68,240,979		66,539,537
Current assets					
Debtors	**13**	2,254,725		2,326,175	
Cash at bank and in hand		3,858,228		4,292,615	
		6,112,953		6,618,790	
Creditors: amounts falling due within one year	**14**	(5,032,455)		(4,709,760)	
Net current assets			1,080,498		1,909,030
Total assets less current liabilities			69,321,477		68,448,567
Creditors: amounts falling due after more than one year	**15**		(72,557,151)		(70,115,058)
Net (liabilities)			**(3,235,674)**		**(1,666,491)**
Reserves					
Restricted reserves	**16**		660		732
Unrestricted funds			(3,236,334)		(1,667,223)
			(3,235,674)		**(1,666,491)**

The financial statements on pages 19 to 36 were approved and authorised for issue by the Trustees on 18th March 2022 and were signed on their behalf by:

Philip Elvy
Trustee

Thomas Miskell
Trustee

Company Registration No. 07375502

The notes on pages 23 to 36 form part of these financial statements.

BESPOKE SUPPORTIVE TENANCIES LTD

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Notes	2021 £	2021 £	2020 £	2020 £
Cash flows from operating activities					
Cash generated from operations	**25**		4,773,138		5,485,416
Investing activities					
Purchase of tangible fixed assets		(597,888)		(311,283)	
Interest received		1,146		4,954	
Net cash used in investing activities			(596,742)		(306,329)
Financing activities					
Payment of obligations under finance leases		(4,610,783)		(4,640,493)	
Net cash used in financing activities			(4,610,783)		(4,640,493)
Net (decrease) / increase in cash and cash equivalents			(434,387)		538,594
Cash and cash equivalents at beginning of year			4,292,615		3,754,021
Cash and cash equivalents at end of year			**3,858,228**		**4,292,615**

The notes on pages 23 to 36 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 charitable company is a public benefit entity as defined by FRS 102.

The financial statements are presented in sterling (£).

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

1.2 Going concern

At the time of approving the financial statements, the trustees have a reasonable expectation that the charitable company has adequate resources to continue in operational existence for the foreseeable future. Although at the balance sheet date liabilities exceed assets by £3,235,674, cash reserves are £3,858,228. The Charity continues to work through the Regulatory Recovery 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. Thus, the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Charitable funds

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

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 charitable company 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 Accounting policies

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

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

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

1.7 Other tangible fixed assets

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

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

Plant and machinery	Straight-line basis over 5 years
Computers	Straight-line basis over 5 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 Accounting policies

1.10 Financial instruments

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

Financial instruments are recognised in the charitable company's balance sheet when the charitable company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

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

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the charitable company's contractual obligations expire or are discharged or cancelled.

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 charitable company recognises annual rent expense equal to amounts owed to the lessor.

2 Critical accounting estimates and judgements

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

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

Critical judgements

Useful lives of depreciable assets
Management reviews its estimate of the useful lives of depreciable assets at each reporting date based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment and changes to decent homes standards may require more frequent replacement of key components. Accumulated depreciation at 30th September 2021 was £10,127,879 (2020: £7,819,734).

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.

3 Turnover, operating expenditure and operating surplus

	Note	Turnover 2021 £	Operating expenditure 2021 £	Operating surplus 2021 £	Turnover 2020 £	Operating expenditure 2020 £	Operating surplus 2020 £
Social housing lettings	4	24,293,642	(22,261,225)	2,032,417	22,966,570	(21,002,037)	1,964,533
		24,293,642	**(22,261,225)**	**2,032,417**	**22,966,570**	**(21,002,037)**	**1,964,533**

4 Particulars of income and expenditure from social housing lettings

	2021 Total	2020 Total
Turnover from social housing lettings		
Rent receivable net of identifiable service charges	21,830,117	20,475,459
Service charge income	2,463,525	2,358,261
Property acceptance fees	-	132,850
Turnover from social housing lettings	24,293,642	22,966,570
Expenditure on social housing lettings		
Management	(2,421,833)	(2,580,086)
Service charge costs	(735,560)	(707,264)
Routine maintenance	(2,782,611)	(2,571,851)
Planned maintenance	(1,598,388)	(918,377)
Bad debts	(300,000)	(643,669)
Depreciation on housing properties	(2,366,020)	(2,235,934)
Lease costs	(12,056,813)	(11,344,856)
Expenditure on social housing lettings	(22,261,225)	(21,002,037)
Operating surplus on social housing lettings	**2,032,417**	**1,964,533**
Void losses (rental income lost as a result of property not being let)	**1,708,657**	**1,688,977**

All the above income and expenditure relates to supported housing.

5 Accommodation owned and managed

	Number of properties			Number of properties		
	2021	**2021**	**2021**	**2020**	**2020**	**2020**
	Owned	**Managed**	**Total**	**Owned**	**Managed**	**Total**
Social Housing						
Under management at end of year:						
Supported housing	290	13	303	297	17	314

	Number of units			Number of units		
	2021	**2021**	**2021**	**2020**	**2020**	**2020**
	Owned	**Managed**	**Total**	**Owned**	**Managed**	**Total**
Social Housing						
Under management at end of year:						
Supported housing	1,512	259	1,771	1,512	275	1,787

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 16 units during the year. This is as a result of 23 new units being added when the final pipeline scheme went live, being offset by a reduction of 39 units as non-compliant schemes have been returned.

6 Operating surplus

	2021	**2020**
	£	**£**
The operating surplus is stating after charging:		
Fees payable to the company's auditor for the audit of the charitable company's financial statements (excluding VAT)	18,900	16,800
Depreciation of other owned tangible fixed assets	36,632	24,828
Depreciation of housing properties held under finance leases	2,234,521	2,160,312
Depreciation of housing properties owned	94,868	50,795
Operating lease charges	12,056,813	11,344,856

7 Auditor's remuneration

The analysis of auditor's remuneration is as follows:

Fees payable:	**2021**	**2020**
	£	**£**
Audit of the annual accounts	18,900	16,800
All other non-audit services	900	3,000
Total fees	**19,800**	**19,800**

8 Interest, other income and expenditure

	2021 £	2020 £
Interest receivable and other income		
Interest	1,146	4,954
Other income	-	95
	1,146	**5,049**
Interest payable and financing costs		
Unwinding of finance lease commitment	**(3,602,746)**	**(3,692,309)**

9 Employees

Number of employees

The average monthly number of employees during the year was:

	2021 Number	2020 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 (2020: 40)

Employment costs	2021 £	2020 £
Wages and salaries	1,489,763	1,497,592
Social security costs	152,421	153,895
Other pension costs	31,169	25,932
	1,673,353	**1,677,419**

9 Employees

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

	2021 Number	2020 Number
£60,001 to £70,000	1	2
£90,001 to £100,000	3	4

10 Trustees

No trustees received any remuneration in their roles as directors of the charitable company in the year ended 30 September 2021 (2020: None). See further disclosure of payments to trustees in note 22.

No expenses were paid to trustees during the year (2020: 5 trustees received expenses totalling £5,515).

11 Key management personnel

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

	2021 £	2020 £
Aggregate emoluments paid to key management personnel	271,500	356,562
Bonus payments	-	7,892
Employers NI	33,542	46,092
Pension contributions	3,951	4,592
	308,993	**415,138**
Emoluments paid to the highest paid executive officer (excluding pension contributions)	**90,500**	**91,555**

	No.	No.
The number of key management personnel to whom retirement benefits are accruing under defined contribution schemes	**3**	**4**

Contributions to the defined contribution pension scheme on behalf of the executive team total £3,951 (2020: £4,592). This included contributions on behalf of the previous Chief Executive Officer £nil (2020: £649).

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

12 Tangible fixed assets

	Leasehold property	Leasehold property improvements	Assets under construction	Plant and machinery	Computers	Total
	£	£	£	£	£	£
Cost						
At 1 October 2020	73,470,368	650,910	75,900	49,661	112,432	74,359,271
Additions	3,514,049	580,747	-	-	17,140	4,111,936
Transferred to completed	-	75,900	(75,900)	-	-	-
Disposals	-	(17,274)	-	(32,611)	(52,464)	(102,349)
At 30 September 2021	76,984,417	1,290,283	-	17,050	77,108	78,368,858
Depreciation						
At 1 October 2020	7,664,088	87,690	-	22,594	45,362	7,819,734
Depreciation charged in the year	2,234,521	94,868	-	6,136	30,496	2,366,021
Eliminated in respect of disposals	-	(984)	-	(22,518)	(34,374)	(57,876)
At 30 September 2021	9,898,609	181,574	-	6,212	41,484	10,127,879
Carrying amount						
At 30 September 2021	**67,085,808**	**1,108,709**	**-**	**10,838**	**35,624**	**68,240,979**
At 30 September 2020	**65,806,280**	**563,220**	**75,900**	**27,067**	**67,070**	**66,539,537**

Assets under construction included a boiler at Thorntree Farm, a previous pipeline project which has been transferred into the cost of leasehold property during the year as the scheme went live during the year.

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 £2,234,521 (2020: £2,160,312) for the year.

	2021	2020
	£	£
Leasehold property	**67,085,808**	**65,806,280**

13 Debtors

	2021	2020
Amounts falling due within one year:	£	£
Rent and service charge arrears	1,854,599	2,669,443
Less: provision for bad and doubtful debts	(274,194)	(550,000)
Other debtors	4,299	88,481
Prepayments and accrued income	670,021	118,251
	2,254,725	**2,326,175**

14 Creditors: amounts falling due within one year

	Notes	2021 £	2020 £
Obligations under finance leases	**18**	1,078,598	1,061,904
Other taxation and social security		79,435	39,841
Trade creditors		948,641	751,891
Rent and services charges received in advance		165,985	272,329
Other creditors		348,665	476,963
Accruals and deferred income		2,411,131	2,106,832
		5,032,455	**4,709,760**

15 Creditors: amounts falling due after more than one year

	Notes	2021 £	2020 £
Obligations under finance leases	**18**	71,598,018	69,106,698
Other creditors		959,133	1,008,360
		72,557,151	**70,115,058**

16 Restricted funds

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

		Movement in funds			Movement in funds		
	Balance at 1 October 2019	Incoming resources	Resources expended	Balance at 1 October 2020	Incoming resources	Resources expended	Balance at 30 September 2021
	£	£	£	£	£	£	£
50/50 Club	925	95	(288)	732	-	(72)	660

50/50 Club
The club was an historical means of fund raising. These funds are to provide services to children, families, and adults.

17 Analysis of net assets between funds

	Unrestricted 2021 £	**Restricted 2021 £**	**Total 2021 £**	**Unrestricted 2020 £**	**Restricted 2020 £**	**Total 2020 £**
Fund balances at 30 September 2021 are represented by:						
Tangible assets	68,240,979	-	68,240,979	66,539,537	-	66,539,537
Current assets/(liabilities)	1,079,838	660	1,080,498	1,908,298	732	1,909,030
Long term liabilities	(72,557,151)	-	(72,557,151)	(70,115,058)	-	(70,115,058)
	(3,236,334)	**660**	**(3,235,674)**	**(1,667,223)**	**732**	**(1,666,491)**

18 Finance lease obligation

Future minimum lease payments due under finance leases:

	2021 £	**2020 £**
Within one year	1,078,598	1,061,904
Within two and five years	5,244,885	4,784,670
In over five years	66,353,133	64,322,028
	72,676,616	**70,168,602**

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

19 Operating lease commitments

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

Land and buildings:

	2021 £	**2020 £**
Within one year	10,651,864	10,401,477
Between two and five years	43,206,379	42,523,001
In over five years	158,329,032	164,322,779
	212,187,275	**217,247,257**

19 Operating lease commitments

Office equipment:

	2021	2020
	£	£
Within one year	2,880	2,880
Between two and five years	480	480
	3,360	**3,360**

20 Capital commitments

At 30 September 2021 the charitable company had capital commitments as follows:

	2021	2020
	£	£
Contracted for but not provided in the financial statements:		
Acquisition of property, plant and equipment (Thorntree Farm)	-	**3,407,583**

21 Events after the reporting date

The Trustees have confirmed there are no other events after the reporting period that are required to be disclosed.

22 Related party transactions

Year Ended 30 September 2021
No payments were made by the charitable company to the trustees or their associated companies for their roles as consultants in the year to 30 September 2021. No balances were due to related parties at 30 September 2021.

Year Ended 30 September 2020
No payments were made by the charitable company to the trustees or their associated companies for their roles as consultants in the year to 30 September 2020. No balances were due to related parties at 30 September 2020.

23 Ultimate controlling party

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

24 Analysis of changes in net (debt)/funds

	At 1 October 2020	Cash flows	At 30 September 2021
	£	£	£
Cash at bank and in hand	4,292,615	(434,387)	3,858,228
Obligations under finance leases	(70,168,602)	(2,508,014)	(72,676,616)
	(65,875,987)	**(2,942,401)**	**(68,818,388)**

25	**Cash generated from operations**	**2021**	**2020**
		£	**£**
	Deficit for the year	(1,569,183)	(1,722,727)
	Adjustments for:		
	Investment income recognised in statement of comprehensive income	(1,146)	(4,954)
	Interest on finance leases	3,602,746	3,692,309
	Loss on disposal of tangible fixed assets	44,477	1,982
	Depreciation and impairment of tangible fixed assets	2,366,021	2,235,934
	Movements in working capital:		
	Decrease in debtors	71,450	600,600
	Increase in creditors	258,773	682,272
	Cash generated from operations	**4,773,138**	**5,485,416**