

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 2020

BESPOKE SUPPORTIVE TENANCIES LTD

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	Andrew Bailey Paul Carhart Stephen Close Philip Elvy Thomas Miskell
Executive team	Shelley Hobbs (Operations) Steve Boyd (Commercial) Irene Bailey (Finance)
Charity number	1143046
Company number	07375502
RSH number	L4718
Registered office	2A Sentinel House Albert Street Eccles Manchester M30 0NJ
Auditor	McLintocks (NW) Limited 2 Hilliards Court Chester Business Park Chester Cheshire CH4 9PX
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 2020

The 2019/20 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 been made in several key areas including landlord health and safety compliance, quantifying our maintenance liabilities, and having a better understanding of our lease responsibilities. BeST now has an up to date stock condition survey, that was completed just after the year end and has achieved a very high level of landlord health and safety compliance in its properties, despite the challenges of shielding tenants and lockdowns.

BeST has also been making significant inroads into gaining compliance with the Rent Standard. The project to secure this has been longer and more tortuous than expected but at the date of signing the financial statements, we have a plan of action that is being implemented. We now have the evidence to support a percentage of our stock being classed as Specialist Supported Housing and so exempt from the Rent Standard. Further work is ongoing to secure the appropriate evidence for the remainder of the stock, although we have identified a small proportion of stock that was incorrectly designated as social housing and work is underway to rectify this mis-classification.

The key task remaining for the Board is to review the lease agreements with the funders, in light of the results of the work on to secure compliance with the Rent Standard. These negotiations will influence the future of the Charity and whether the lease-based model can work financially, within the confines of the Regulatory Framework.

These achievements have occurred whilst the organisation has had to adapt to the restrictions of the Covid-19 pandemic. Due to the client groups that BeST house, the Charity has found many tenants shielding, which has brought issues of access when carrying out landlord compliance and maintenance work.

The Charity has been working through its Regulatory Action 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 stronger position than anticipated but work still needs to be done to ensure that BeST has a financially viable business plan going forward.

I would like to thank my fellow Board Members who have worked tirelessly this past year, especially following the departure of some Board Members midway through the year. I would also like to thank the Executive Team and the staff who have completed numerous tasks this year as part of our Regulatory Action Plan, as well as continuing to deliver services to our vulnerable tenants during the pandemic and the varying degrees of lockdown that we have experienced. The Executive Team are also to be thanked for continuing to provide this level of service whilst also covering the responsibilities of the CEO who left during the year.



Thomas Miskell

Chairman

Dated: 17 March 2021

BESPOKE SUPPORTIVE TENANCIES LTD

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

The trustees present their report and financial statements for the year ended 30 September 2020.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charitable company's Memorandum & Articles, the Companies Act 2006, Regulator of Social Housing and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)".

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 and a number of property development companies to identify tenant requirements to enable it to acquire suitable homes that can be adapted for the specialised requirements to meet the needs of our tenants.

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 Action Plan that was compiled following the organisation's initial self-assessment against the Regulatory Standards at the commencement of regulatory engagement.

Although three board members stood down during the year and the Chief Executive left, the Board has maintained its clear focus on regulatory compliance and seen significant change in the organisation during 2019/20.

Although BeST's regulatory position remains unchanged, the Board believes significant progress has been made to date. BeST 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.

BeST undertook a further self-assessment against the economic and consumer standards prior to the completion of the accounts to review progress. As expected, with the Regulatory Action Plan still being worked through, the Charity was not fully compliant with key aspects of the Governance and Financial Viability Standard and the other Standards.

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

FOR THE YEAR ENDED 30 SEPTEMBER 2020

Substantial progress had been made in a number of areas across the Standards. The Board have been closely focused on achieving compliance with the Rent Standard. BeST has been able to confirm that a proportion of its portfolio has evidence in place to support it being classified as exempt Specialised Supported Housing. Work continues regarding obtaining the evidence for other parts of the portfolio and in these cases, the rent review has been deferred. Where rents may have been incorrectly charged in the past, BeST has quantified the potential repayment. BeST has also identified some properties that should have been designated as market rent properties when acquired and is working to redesignate these.

The Board acknowledges that BeST is currently not compliant with the Regulatory Standards but it has a Regulatory Action Plan in place that should see it be able to achieve full compliance in the near future. The Board and Executive Team are committed to achieving full compliance as soon as possible.

Achievements and performance

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-steam during the year. The Charity ended the year with 1,787 units of accommodation following a small increase of 81 units, split between 1,512 units of supported living accommodation and 275 registered care units.

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 and is yet to be completed. It is now anticipated that it will be completed by April 2021. This is the last significant addition to the stock portfolio and current plans will start to see some reduction in stock numbers, as leases are not renewed, unless the Charity can evidence their viability.

BeST's portfolio is dispersed across England & Wales and so the organisation has faced challenges with the various lockdown arrangements that have been in place. The housing management team has been mostly working from home since the initial lockdown period. The client groups that BeST house include some of the most vulnerable within our society, which has resulted in challenges to continue to provide services where tenants are shielding. Care and support for BeST's tenants is delivered by support providers commissioned by Commissioning Authorities and positively, 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. The housing management team undertook a pilot tenant satisfaction survey, which achieved a 31% response rate from the sample of 200 tenants surveyed, which was a very positive response rate. The survey identified areas of improvement for the organisation but 65% of tenants were either very happy or happy with the overall service provided by BeST. This percentage increased to 85% when considering the support provided by the support workers that BeST works alongside.

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. All leases have been reviewed and the key elements documented, which has resulted in the organisation having much clearer oversight of its varied stock and the requirements arising from it. The Charity is establishing a Service Level Contract Register and developing a monitoring regime for support providers, including detailed processes around safeguarding.

During the year, the Charity has followed Government guidelines and advice regarding the delivery of reactive repairs during the pandemic. Throughout the year BeST continued to instruct all same day and 24 hour emergency repairs to its partnering contractors without any significant issues. From June onwards, a programme of catch up works for the non-urgent repair activity has been instructed. This programme was carefully managed and monitored to maximise outputs and adhere to the many local restrictions that impacted on the ability to gain access. By taking this approach, the backlog of work has been kept to a minimum and the expectations of tenants could be managed in a proactive way.

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

FOR THE YEAR ENDED 30 SEPTEMBER 2020

To ensure a high level of service could be delivered by the maintenance team, a decision was taken for the team to remain in the office during the tighter tier 4 restrictions. A full health and safety audit in relation to Covid-19 was commissioned to advise on social distancing, sanitisation, and signage to minimise the risk of infection. This was further supported by the implementation of twice weekly Covid-19 tests later in the year.

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 Covid-19 outbreaks among 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 2020/21 will see the finalisation of several key projects that will contribute to this. With the work drawing to completion on securing compliance with the Rent Standard, the Board will then be engaged with BeST's main funders to review and, where possible, renegotiate the lease agreements, taking close account of the regulatory requirements arising from the Rent Standard. BeST has developed a much clearer understanding of its leased portfolio, from maintenance liabilities, to lease requirements and rent and lease finances.

BeST has also had an organisational structure review undertaken. This review made various suggestions regarding improvements within the organisation, which will be implemented once the financial viability of the organisation is secured.

Although a 'roadmap' out of Covid has been presented by the Government, BeST is well aware that 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 best possible service during these restrictions whilst delivering further operational tasks during 2020/21, including:

- Undertake 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 structures, systems, and processes across the organisation to ensure that they are fit for purpose.
- Establish an Audit Committee to oversee an internal audit function.

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 Action Plan. Bringing the lease renegotiations to a positive conclusion may allow the organisation to reassess its strategic goals and establish a plan that is not only financially viable but also allows the Charity to continue to meet its charitable objectives by increasing its stock holdings to provide accommodation for those requiring support. The challenges of Covid have certainly highlighted the need for high quality accommodation, especially for the more vulnerable in society.

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

FOR THE YEAR ENDED 30 SEPTEMBER 2020

Financial Review

The charity reported a deficit for the year of £1.72m (2019: Deficit £0.45m).

The Charity has seen a 5% increase in the number of units this year, with the number of units reaching 1787 at September, due to the Board's decision to focus on achieving a financially viable steady state position before considering any further growth. The portfolio includes 275 registered units, an increase of 22% from last year. BeST closely reviews leases to ensure that they are financially viable and can meet the Rent Standard. 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.

The year has also seen a detailed review of all balance sheet accounts, which has resulted in some additional adjustments. Also, £394k of old tenant debt has been written off this year, whilst the bad debt provision has also been increased by £250k to £550k following a full review of all debtors. Although this has had an impact upon the bottom line this year it ensures that the Charity moves forward with a clearer view of its actual liabilities.

The Charity has a healthy year end cash balance however some of this will be utilised as the backlog of non-urgent maintenance is cleared.

Reserves policy

The Board approved the 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. Based on the business plan, this should provide around 18 months cover for the current level of cash outflows, which will 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 2020, BeST had total cash reserves of £4.3m, of which £3.3m were unrestricted.

Value for Money

Introduction

BeST is required to comply with the regulatory framework for the sector as issued by the Regulator of Social Housing. The regulatory framework contains a specific standard dealing with Value for Money (VFM) and how registered providers are to address this issue. The current VFM standard was published in April 2018. The standard sets out the following required outcomes:

1.1 Registered providers must:

- clearly articulate their strategic objectives.
- have an approach agreed by their board to achieving VFM in meeting these objectives and demonstrate delivery of VFM to stakeholders.
- through their strategic objectives, articulate their strategy for delivering homes that meet a range of needs.
- ensure that optimal benefit is derived from resources and assets and optimise economy, efficiency and effectiveness in the delivery of their strategic objectives.

BESPOKE SUPPORTIVE TENANCIES LTD

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

FOR THE YEAR ENDED 30 SEPTEMBER 2020

Ensure expectations include the following:

2.1 Registered providers must demonstrate:

- a robust approach to achieving VFM – this must include a robust approach to decision making and a rigorous appraisal of potential options for improving performance.
- regular and appropriate consideration by the board of potential VFM gains- this must include full consideration of costs and benefits of alternative commercial, organisational and delivery structures.
- consideration of VFM across their whole organisation and where they invest in non-social housing activity, they should consider whether this generates returns commensurate to the risk involved and justification where this is not the case.
- that they have appropriate targets in place for measuring performance in achieving VFM in delivering their strategic objectives, and that they regularly monitor and report their performance against these targets.

2.2 Registered providers must annually publish evidence in statutory accounts to enable stakeholders to understand the providers:

- performance against its own VFM targets and any metrics set out by the Regulator. and how that performance compares to peers.
- measurable plans to address any areas of underperformance, including clearly stating any areas where improvements would not be appropriate and the rationale for this.

How do we approach VFM?

BeST is currently undergoing a significant change programme as it works through its Regulatory Recovery Plan. As part of the key outputs of achieving a financially viable business plan and meeting the requirements of the Regulatory Standards, inherent improvements in the Charity's value for money and performance data collection and reporting are being made.

During the year, the level and accuracy of financial and performance data has improved. The Charity now has a 30-year business plan, where the long term maintenance costs are supported by an up to date stock condition survey. Lease requirements for all units have been compiled so that there is a clear understanding of BeST's liabilities and requirements under the lease. Documented minimum requirements have been established against which short term lease renewals can be assessed. The Charity has established financial, operational, and strategic measures against which to judge lease renewals or new leases in the future. The Charity is now in a much stronger position when assessing individual leases as to the benefits and liabilities that may exist.

Key performance indicators have been agreed with the Board for 2020/21 covering maintenance, health & safety, void management, arrears, and complaints. Systems and processes have been established and modified to enable new metrics, such as first times fixes, to be measured. The enhanced performance monitoring system will enable the Board to assess performance and value for money more easily.

BeST has joined Acuity and now has access to this benchmarking group's data. This enables BeST to measure itself against other small providers across common systems, such as maintenance and health and safety. For other metrics, BeST plans to compare itself against fellow lease based providers but the sub-sector has yet to develop its own benchmarking club, although some interest has been expressed by a few providers.

Value for Money metrics

The Board acknowledges that the organisation currently does not meet the full requirements of the VFM Standard, and this is unlikely to happen until it can secure a viable long term future. The current strategic plan is focused on meeting the regulatory requirements and getting the Charity fit for purpose. If the important lease renegotiations yield success, the Charity will be able to establish a strategic plan with clear objectives and targets, including value for money aspects.

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

FOR THE YEAR ENDED 30 SEPTEMBER 2020

BeST has established a short term business plan focused on the following strategic 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.

The attainment of VFM and compliance with the VFM Standard is inherent within these objectives. The performance targets set for 2020/21 have looked at driving improvements in key areas. A major project during 2020/21 is the strategic review of the maintenance department and the re-procurement of the repairs service. Although cost will be a factor, the review will be focused on improving the service across the whole of BeST's stock base, which suffers regional variations.

RSH VFM Metrics	BeST 2017	BeST 2018	BeST 2019	BeST 2020
Reinvestment %	26%	50%	*0.6%	0.4%
New supply delivered (Social housing units) %	22%	27%	*13%	4%
New supply delivered (Non-social housing units) %	0%	0%	0%	0%
Gearing %	100%	101%	*100%	101%
EBITDA MRI interest cover %	140%	178%	146%	107%
Headline social housing cost per unit	£8,543	£8,537	£8,200	£10,280
Headline social housing cost per unit excluding lease costs payable	£4,123	£4,375	£3,052	£3,931
Headline social housing cost per unit including finance lease interest payable	£10,207	£10,371	£10,410	£12,346
Operating Margin (social housing lettings) %	13%	22%	17%	9%
Operating Margin (overall) %	13%	22%	17%	9%
Return on capital employed (ROCE)	3%	4%	5%	3%

*During the year it was identified that some of 2019 metrics reported last year had been calculated inconsistently. Relevant items relating to properties funded via an operating lease were not included within reinvestment, new supply delivered and gearing metrics. This change has resulted in 2019 Reinvestment increasing from 0.4% to 0.6%, New Supply Delivered (non social housing) increasing from 0% to 13%, and Gearing changing from 101% to 100%.

2020 Reinvestment and New supply delivered (Social housing) metrics are low because they reflect the Charity's no growth strategy. The supply delivered in the year relate to properties already in the pipeline from prior years. There is minimal movement in the gearing metric because of the way the properties are funded.

The EBITDA MRI interest cover % has declined in 2020. This is due to a decrease of its operating surplus available to cover the gross interest payable on finance leases as compared to 2019. 12% of the decrease from 146% to 107% is because of the higher bad debt charge in 2020.

The headline social housing cost per unit has risen in 2020 due to an increase in both lease and maintenance costs per unit in the year. Lease costs per unit have increased due to the Charity acquiring 245 registered units in the past 18 months which carry a higher-than-average lease cost per unit compared to other properties. Higher maintenance costs per unit have been driven by increases in both overall maintenance service levels and in higher levels of compliance and remedial works undertaken. In addition, the Charity has also taken over the maintenance liability of 194 units in September 2019 that were previously held as management only, with no maintenance responsibilities.

The Charity has seen a decline in its operating margin for 2020. This is due primarily to incurring bad debt write-offs related to prior years, a significant increase in the bad debt provision following a full review of all debtors, and an increase in overall maintenance costs per unit driven by an increase in service levels, as well as compliance and remedial works completed under regulatory requirements.

The Charity's ROCE has declined in 2020 due to a higher decrease in its operating surplus when compared to the smaller decrease in its total assets less current liabilities.

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

FOR THE YEAR ENDED 30 SEPTEMBER 2020

RSH VFM Metrics	Budget 2020	Actual 2020	Forecast 2021	Forecast 2022
Reinvestment %	0.3%	0.4%	6%	0.2%
New supply delivered (Social housing units) %	18%	4%	1%	0%
New supply delivered (Non-social housing units) %	0%	0%	0%	0%
Gearing %	108%	101%	103%	104%
EBITDA MRI interest cover %	141%	107%	127%	145%
Headline social housing cost per unit	£10,237	£10,280	£11,012	£10,669
Headline social housing cost per unit excluding lease costs payable	£3,757	£3,931	£4,319	£3,829
Headline social housing cost per unit including finance lease interest payable	£12,270	£12,346	£13,143	£12,784
Operating Margin (social housing lettings) %	14%	9%	12%	13%
Operating Margin (overall) %	14%	9%	12%	13%
Return on capital employed (ROCE)	5%	3%	4%	4%

As the organisation looks forward, it now has a 30-year business plan based in BRIXX, which enables it to produce targets for the 2021 and 2022 financial years. Property related costs in the plan were derived from a comprehensive stock condition survey. The focus in the short terms will be on keeping costs down. The Charity's low operating margin limits its ability to reinvest in the business, and lease negotiations will be key in achieving this goal.

The Charity has budgeted for an increase in the reinvestment % in 2021. This is the addition of the delayed pipeline project Thorntree Farm, which is planned to go live in April 2021. Thereafter the current strategy of nil growth is reflected in the Reinvestment and New supply delivered metrics as the Reinvestment metric reflects capitalised maintenance costs only.

Whilst the Gearing ratio is generally stable due to the way properties are funded, it is forecasted to increase slightly in 2021. This is due to the planned increase in both the fixed assets and finance lease obligations, because of the planned acquisition in April 2021 of Thorntree Farm.

The EBITDA MRI interest cover % is forecasted to increase in 2021 due to an expected recovery of its operating surplus, available to cover the gross interest payable on finance leases.

The Headline social housing cost per unit is forecasted to rise slightly in 2021. This is due to an expected planned catch-up of non-emergency maintenance costs that were deferred in 2020 due to COVID-19.

The Operating margin is forecasted to improve in 2021 as bad debt costs return to normal operational levels and other operational revenue and costs remain stable due to the ongoing no growth strategy.

The ROCE is forecasted to increase slightly in 2021 with the expected improvement of its operating surplus as bad debt costs return to normal operational levels.

BeST is still working towards developing a peer group that will provide an appropriate benchmark against which the Charity can monitor and challenge itself.

Structure, governance and management

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.

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

FOR THE YEAR ENDED 30 SEPTEMBER 2020

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

Andrew Bailey	
Paul Carhart	
Stephen Close	
Philip Elvy	
Hugh McCaw	(Resigned 19 February 2020)
Thomas Miskell	
David Poppitt	(Resigned 1 March 2020)
Marjorie Tutte	(Resigned 19 February 2020)

Governance

The Board of Trustees has operated a simple governance structure to deliver its objectives with a Board and no additional Committees. The Board has faced various challenges during the year including the continued regulatory engagement with the RSH because of non-compliance with the Regulatory Standards and reporting itself to the Charity Commission regarding serious incidents concerning bonus payments to the Directors and payments to Trustees. The Charity Commission noted BeST's self-referral in both cases and did not take any further action. Several Board Members decided to step down during the year and the Charity has been operating with a board of five Trustees for the rest of the year.

The Chief Executive also left the Charity during the year and the Executive Team has worked as a unit to fill the gap. With the Charity operating a 'no growth' strategy, the Executive Team has been able to focus on delivering the Regulatory Action Plan and moving the Charity towards full compliance.

To streamline meetings with a smaller Board, the Regulatory Task & Finish Group was disbanded, and the Board moved to monthly meetings to keep on top of progress with the Regulatory Action Plan that was established at the start of the calendar year following a comprehensive self-assessment against the Regulatory Standards. The Regulatory Action Plan is presented monthly to the Board to evidence progress towards regulatory compliance. Regular contact has been maintained with the Regulator throughout the year and progress has been satisfactory.

The Board has adopted the 2015 NHF Code of Governance as its governance code. In 2020, the NHF updated the Code, taking account of themes from the Social Housing White Paper, the NHF's Tenants Together and the wider governance landscape. A gap analysis will be undertaken during 2021 to assess the additional requirements of the 2020 NHF Code of Governance before the Board move to adopt the updated version for the 31st March 2022 financial statements.

A full self-assessment against the 2015 NHF Code of Governance was carried out after the year-end. Due to the focus on key elements of the Regulatory Action Plan, the Board acknowledged that some elements of the Code had not been prioritised and would not be until the completion of the board review and new board members were brought on to the Board, as the current focus of the Board is to secure a financially viable future for the Charity. The outstanding areas of compliance are on the improvement plan for 2020/21 and include areas such as internal audit, appraisals and effectiveness reviews, which will be put in place once the long-term future of the Charity is secured.

A key element of the regulatory activity is to secure financial viability and once this has been achieved, the Board has acknowledged that recruitment of new board members should be undertaken to lead BeST on its new strategic path, once its future has been secured. The recruitment of new board members will be undertaken on the basis of the skills needed by the Charity. The current membership of the Board are all well within tenure limits but the current Board has committed to see BeST complete its Regulatory Action Plan.

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

FOR THE YEAR ENDED 30 SEPTEMBER 2020

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 now review the strategic risk register twice a year and consider its appetite for taking on risk. With the extensive work being undertaken around the Charity's long term financial planning, the Board has often reviewed the most significant risks on a more regular basis, with regular reports at Board meetings on the stock condition survey and rent compliance.

Risk management was brought closely into focus by the Covid-19 pandemic, with the Charity initiating suitable mitigation responses to the lockdown situation by enabling home working and developing systems to ensure that tenants and staff remained safe and secure. The Charity developed a separate Covid-19 risk register to manage the initial risks but as the lockdown restrictions became part of 'business as usual', the Covid-19 risks moved onto the strategic risk register.

The completion of the Regulatory Action Plan will go a long way in providing the controls and mitigations to the strategic risks that BeST faces.

Risk Register

Below the Charity has listed its strategic risks with a net risk score over 10. These are the key risks that the board are actively managing.

Risk	Risk Category	Mitigations	Net Risk Score
1	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	25
2	Legal & regulatory - Breach of Regulatory Standards	a) Active regulatory engagement with the RSH b) DTP appointed as advisors c) An interim Head of Governance has been appointed 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	20
3	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 implemented c) A full lease review has been undertaken to confirm responsibilities	20
4	Financial viability - Rent levels	a) Board has agreed approach to seek Rent Standard compliance b) Legal advice being sought from Devonshires	20
5	Financial viability - Rising costs due to economic situation	a) BeST has a low back office cost base b) Organisational review undertaken to identify future shape of the Charity	12
6	Legal & regulatory - GDPR compliance	a) All staff completed online training by July 2020 b) GDPR Policy approved by Board in April 2020 c) Protocols in place for staff working from home and using BeST's systems with access via a VPN	12

BESPOKE SUPPORTIVE TENANCIES LTD

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

FOR THE YEAR ENDED 30 SEPTEMBER 2020

Risk	Risk Category	Mitigations	Net Risk Score
7	Operations - Low data integrity	a) Stock condition and lease review work resulted in up to date data being held on leased stock b) Finance team undertaken an account cleaning exercise as part of the year end processes	12
8	Operations - Loss of key staff	a) Staff kept aware of progress through monthly updates after Board b) Heads of Departments meeting regularly to share information c) Salary benchmarking undertaken as part of organisational review. Anomalies will be dealt with as part of the implementation	12
9	Financial viability - Debt collection	a) All debt collection has been brought under the responsibility of the Head of Revenue and Benefits b) Recharges have been halted until a new, more rigorous process can be established	12

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, following the detailed self-assessments that have been carried out that the internal control framework still needs to be strengthened but substantial improvements have been made over the past year. 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 review of the strategic risk register by the Board.
- 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.
- 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 portfolio of policies and procedures being progressed.

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. The pilot tenant satisfaction survey provided a positive response rate and identified issues that are now being addressed. Further work will be undertaken in this area during 2020/21.

Although the Charity does not have an internal audit function due to its small size, the External Audit function provides feedback to the Board through its management letter on the operation of the internal financial controls reviewed as part of the annual audit of the financial statements. With internal procedures and processes still being developed and updated, no decision on internal audit will be made yet but internal monitoring processes are being put in place regarding the outsourced landlord health & safety compliance and the Service Level Contracts with support providers.

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

BESPOKE SUPPORTIVE TENANCIES LTD

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

FOR THE YEAR ENDED 30 SEPTEMBER 2020

Recruitment and appointment of trustees

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

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

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

Statement of Trustees' responsibilities

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

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

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

- select suitable accounting policies and then apply them consistently.
- observe the methods and principles in the Charities SORP, Housing SORP 2014: Statement of Recommended Practice for Registered Social Housing Providers and the Accounting Direction for Private Registered Providers of Social Housing 2015.
- make judgements and estimates that are reasonable and prudent. and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

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

Auditor

A resolution to appoint 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 by the Board of Trustees.



Thomas Miskell

Trustee

Dated: 17 March 2021

BESPOKE SUPPORTIVE TENANCIES LTD

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BESPOKE SUPPORTIVE TENANCIES LTD

Opinion

We have audited the financial statements of Bespoke Supportive Tenancies Ltd (the 'charitable company') for the year ended 30 September 2020 which comprise Statement of comprehensive income, Statement of changes in reserves, Statement of financial position, Statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 30 September 2020 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 2019 (adopted 1 October 2018).

Basis for opinion

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

Emphasis of matter

We draw attention to note 1 to the financial statements which considers the Charitable Company's going concern basis of accounting. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

BESPOKE SUPPORTIVE TENANCIES LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF BESPOKE SUPPORTIVE TENANCIES LTD

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report, which includes the directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included within the Trustees' report has 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 charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the Trustees' report.

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

- adequate accounting records have not been kept, 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 trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Trustees' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the statement of Trustees' responsibilities, the trustees, who are also the directors of the charitable company for the purpose of company law, are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

BESPOKE SUPPORTIVE TENANCIES LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF BESPOKE SUPPORTIVE TENANCIES LTD

Use of our report

This report is made solely to the charitable 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 charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Michael Caputo FCA (Senior Statutory Auditor)
for and on behalf of **McLintocks (NW) Limited**

17 March 2021

Chartered Accountants
Statutory Auditor

2 Hilliards Court
Chester Business Park
Chester
Cheshire
CH4 9PX

BESPOKE SUPPORTIVE TENANCIES LTD

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Notes	2020 £	2019 £
Turnover	3	22,966,570	19,708,451
Operating expenditure	3	(21,002,037)	(16,395,897)
Operating surplus		<u>1,964,533</u>	<u>3,312,554</u>
Interest receivable and other income	8	5,049	8,454
Interest payable and similar charges	8	(3,692,309)	(3,770,327)
Total comprehensive income for the year		<u><u>(1,722,727)</u></u>	<u><u>(449,319)</u></u>

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

All income and expenditure is derived from continuing activities.

The Statement of Comprehensive Income was approved by the Trustees on 17 March 2021



Philip Elvy
Trustee



Thomas Miskell
Trustee

BESPOKE SUPPORTIVE TENANCIES LTD

STATEMENT OF CHANGES IN RESERVES

FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Notes	Unrestricted reserves £	Restricted reserve £	Total £
For the period ended 30 September 2019:				
Balance at 1 October 2018	17	504,326	1,229	505,555
Surplus/(deficit) from statement of comprehensive income		(449,015)	(304)	(449,319)
Balance at 30 September 2019	17	55,311	925	56,236
Balance at 1 October 2019	17	55,311	925	56,236
Surplus/(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)

BESPOKE SUPPORTIVE TENANCIES LTD

STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2020

	Notes	2020		2019	
		£	£	£	£
Fixed assets					
Tangible assets	12		66,539,537		68,466,171
Current assets					
Debtors	13	2,326,175		2,926,775	
Cash at bank and in hand		4,292,615		3,754,021	
		<u>6,618,790</u>		<u>6,680,796</u>	
Creditors: amounts falling due within one year	14	<u>(4,709,760)</u>		<u>(3,994,020)</u>	
Net current assets			1,909,030		2,686,776
Total assets less current liabilities			<u>68,448,567</u>		<u>71,152,947</u>
Creditors: amounts falling due after more than one year	15		(70,115,058)		(71,096,711)
Net (liabilities)/assets			<u>(1,666,491)</u>		<u>56,236</u>
Reserves					
Restricted reserves	16		732		925
Unrestricted funds			(1,667,223)		55,311
			<u>(1,666,491)</u>		<u>56,236</u>

The financial statements were approved by the Trustees on 17 March 2021



Philip Elvy
Trustee



Thomas Miskell
Trustee

Company Registration No. 07375502

BESPOKE SUPPORTIVE TENANCIES LTD

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Notes	2020 £	£	2019 £	£
Cash flows from operating activities					
Cash generated from operations	25	5,485,416		8,152,243	
Investing activities					
Purchase of tangible fixed assets		(311,283)		(424,369)	
Interest received		4,954		4,172	
Net cash used in investing activities		<u>(306,329)</u>		<u>(420,197)</u>	
Financing activities					
Payment of obligations under finance leases		(4,640,493)		(4,698,181)	
Net cash used in financing activities		<u>(4,640,493)</u>		<u>(4,698,181)</u>	
Net increase in cash and cash equivalents		<u>538,594</u>		<u>3,033,865</u>	
Cash and cash equivalents at beginning of year		3,754,021		720,156	
Cash and cash equivalents at end of year		<u><u>4,292,615</u></u>		<u><u>3,754,021</u></u>	

BESPOKE SUPPORTIVE TENANCIES LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

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 the Housing Statement of Recommended Practice 2018, the Accounting Direction for Private Registered Providers of Social Housing (issued by the Homes and Community Agency in 2019), the Housing Regeneration Act 2008, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) and the requirements of Companies Act 2006.

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 £1,666,491, cash reserves are £4,292,615. This together with a robust 30 year business plan give comfort over the going concern assumption. 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. Charges for support services funded under supporting people are recognised as they fall due under the contractual arrangements with administering authorities.

Cash donations are recognised on receipt. Other donations are recognised once the charitable company has been notified of the donation, unless performance conditions require deferral of the amount.

Investment income is recognised when the right to receive payment is established.

BESPOKE SUPPORTIVE TENANCIES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

1 Accounting policies

(Continued)

1.5 Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on the basis consistent with the use of resources.

1.6 Leasehold properties

Leasehold properties are properties held for the provision of social housing or to otherwise provide social benefit. Leasehold properties are principally properties available for rent and are stated at cost less accumulated depreciation and impairment losses.

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

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

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

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

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

1.7 Other tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, 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	25% on reducing balance
Computers	25% on reducing balance

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

BESPOKE SUPPORTIVE TENANCIES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

1 Accounting policies

(Continued)

1.8 Borrowing costs related to fixed assets

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

All other borrowing costs are recognised in 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 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.

BESPOKE SUPPORTIVE TENANCIES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

1 Accounting policies

(Continued)

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 group 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 2020 was £7,819,734 (2019: £5,584,404).

Leasehold Property Improvements

Management reviews its estimate of the useful lives of depreciable assets in properties for which it has a long full repairing lease at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to estimating the life of the asset and the wear and tear and changes in fire, health and safety requirements in communal areas.

Impairment of debtors

Management makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of the debtors, the status of any tribunals and historical experience.

BESPOKE SUPPORTIVE TENANCIES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

3 Turnover, operating expenditure and operating surplus

		Turnover	Operating expenditure	Operating surplus/ (deficit)	Turnover	Operating expenditure	Operating surplus/ (deficit)
	Note	2020 £	2020 £	2020 £	2019 £	2019 £	2019 £
Social housing lettings	4	22,966,570	(21,002,037)	1,964,533	19,708,451	(16,395,897)	3,312,554
		<u>22,966,570</u>	<u>(21,002,037)</u>	<u>1,964,533</u>	<u>19,708,451</u>	<u>(16,395,897)</u>	<u>3,312,554</u>

4 Particulars of income and expenditure from social housing lettings

	2020 Total	2019 Total
Turnover from social housing lettings		
Rent receivable	20,475,459	16,617,409
Service charges	2,358,261	2,101,757
Property acceptance fees	132,850	989,285
Turnover from social housing lettings	<u>22,966,570</u>	<u>19,708,451</u>
Expenditure on social housing lettings		
Lease payments	(11,344,856)	(8,783,199)
Depreciation and impairment	(2,235,934)	(2,359,310)
Bad debts	(643,669)	(220,128)
Routine maintenance costs	(2,571,851)	(1,440,331)
Planned maintenance costs	(918,377)	(582,409)
Management costs	(2,580,086)	(2,016,610)
Service charge costs	(707,264)	(993,910)
Expenditure on social housing lettings	<u>(21,002,037)</u>	<u>(16,395,897)</u>
Operational surplus on social housing lettings	<u>1,964,533</u>	<u>3,312,554</u>

All the above income and expenditure relates to supported housing.

BESPOKE SUPPORTIVE TENANCIES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

5 Accommodation owned, managed and in development

	Number of properties			Number of properties (restated)		
	2020 Owned	2020 Managed	2020 Total	2019 Owned	2019 Managed	2019 Total
Social Housing						
Under management at end of year:						
Supported housing	297	17	314	302	17	319
	Number of units			Number of units (restated)		
	2020 Owned	2020 Managed	2020 Total	2019 Owned	2019 Managed	2019 Total
Social Housing						
Under management at end of year:						
Supported housing	1,512	275	1,787	1,480	226	1,706

Owned properties include those leased under operating and finance lease. Managed properties include those registered schemes where BeST does not have a direct relationship with the tenant. 2019 comparatives have been changed to reflect these categories.

6 Operating surplus/(deficit)

2020
£

2019
£

The operating surplus/(deficit) is stating after charging/(crediting):

Fees payable to the company's auditor for the audit of the charitable company's financial statements	16,800	17,940
Depreciation of owned tangible fixed assets	75,623	42,807
Depreciation of tangible fixed assets held under finance leases	2,160,312	2,289,412
Operating lease charges	11,344,856	8,783,199

All figures stated above are inclusive of VAT.

7 Auditor's remuneration

The analysis of auditor's remuneration is as follows:

Fees payable:	2020 £	2019 £
Audit of the annual accounts	16,800	17,940
All other non-audit services	3,000	1,872
Total fees	19,800	19,812

BESPOKE SUPPORTIVE TENANCIES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

8 Interest, other income and expenditure

	2020 £	2019 £
Interest receivable and other income		
Interest	4,954	4,172
Other income	95	4,282
	<u>5,049</u>	<u>8,454</u>
Interest payable and financing costs		
Unwinding of finance lease commitment	(3,692,309)	(3,770,327)

9 Employees

Number of employees

The average monthly number of employees during the year was:

	2020 Number	2019 Number
Management	7	5
Support	31	28
Executive team	3	4
	<u>41</u>	<u>37</u>

The average weekly number of persons employed during the year expressed in full time equivalents (35 hours per week) was 40 (2019: 36)

Employment costs	2020 £	2019 £
Wages and salaries	1,497,592	1,489,037
Social security costs	153,895	142,697
Other pension costs	25,932	36,253
	<u>1,677,419</u>	<u>1,667,987</u>

BESPOKE SUPPORTIVE TENANCIES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

9 Employees

(Continued)

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

	2020 Number	2019 Number
£60,001 to £70,000	2	2
£90,001 to £100,000	4	-
£160,001 to £170,000	-	2
£170,001 to £180,000	-	1
	<u> </u>	<u> </u>

10 Trustees

No trustees received any remuneration in their roles as directors of the charitable company in the year ended 30 September 2020. See further disclosure of payments to trustees in note 22.

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

A Bailey	£104 (2019: £652)
D G Poppitt	£333 (2019: £725) <i>resigned 1 March 2020</i>
H McCaw	£3,708 (2019: £4,232) <i>resigned 19 February 2020</i>
M Tutte	£1,125 (2019: £1,051) <i>resigned 19 February 2020</i>
P Carhart	£245 (2019: £nil)

11 Key management personnel

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

	2020 £	2019 £
Aggregate emoluments paid to key management personnel	402,654	377,080
Bonus payments	7,892	225,000
Pension contributions	4,592	3,732
	<u> </u>	<u> </u>
	415,138	605,812
	<u> </u>	<u> </u>
Emoluments paid to the highest paid executive officer (excluding pension contributions)	91,555	175,609
	<u> </u>	<u> </u>
	No.	No.
The number of key management personnel to whom retirement benefits are accruing under defined contribution schemes	4	4
	<u> </u>	<u> </u>

Contributions to the defined contribution pension scheme on behalf of the executive team total £4,592 (2019: £3,732). This included contributions on behalf of the Chief Executive Officer £649 (2019: £1,061).

BESPOKE SUPPORTIVE TENANCIES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

12 Tangible fixed assets

	Leasehold property	Leasehold property improvements	Assets under construction	Plant and machinery	Computers	Total
	£	£	£	£	£	£
Cost						
At 1 October 2019	73,470,368	405,641	75,900	30,044	68,621	74,050,574
Additions	-	247,855	-	19,617	43,811	311,283
Disposals	-	(2,586)	-	-	-	(2,586)
At 30 September 2020	73,470,368	650,910	75,900	49,661	112,432	74,359,271
Depreciation						
At 1 October 2019	5,503,776	37,500	-	14,851	28,277	5,584,404
Depreciation charged in the year	2,160,312	50,795	-	7,743	17,085	2,235,935
Eliminated in respect of disposals	-	(605)	-	-	-	(605)
At 30 September 2020	7,664,088	87,690	-	22,594	45,362	7,819,734
Carrying amount						
At 30 September 2020	65,806,280	563,220	75,900	27,067	67,070	66,539,537
At 30 September 2019	67,966,592	368,142	75,900	15,192	40,345	68,466,171

Assets under construction includes a boiler at Thorntree Farm, the pipeline project which has been delayed, and which is expected to go live in April 2021.

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 £ 2,160,312 (2019 - £2,316,505) for the year.

	2020 £	2019 £
Leasehold property	65,806,280	67,966,592

13 Debtors

	2020 £	2019 £
Amounts falling due within one year:		
Rent and service charge arrears	2,669,443	2,434,806
Less: provision for bad and doubtful debts	(550,000)	(300,000)
Other debtors	88,481	703,155
Prepayments and accrued income	118,251	88,814
	2,326,175	2,926,775

BESPOKE SUPPORTIVE TENANCIES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

14 Creditors: amounts falling due within one year

	Notes	2020 £	2019 £
Obligations under finance leases	18	1,061,904	1,028,435
Other taxation and social security		39,841	36,115
Trade creditors		751,891	591,628
Other creditors		749,292	485,311
Accruals and deferred income		2,106,832	1,852,531
		<u>4,709,760</u>	<u>3,994,020</u>

15 Creditors: amounts falling due after more than one year

	Notes	2020 £	2019 £
Obligations under finance leases	18	69,106,698	70,088,351
Other creditors		1,008,360	1,008,360
		<u>70,115,058</u>	<u>71,096,711</u>

16 Restricted funds

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

	Movement in funds				Movement in funds		
	Balance at 1 October 2018	Incoming resources	Resources expended	Balance at 1 October 2019	Incoming resources	Resources expended	Balance at 30 September 2020
	£	£	£	£	£	£	£
50/50 Club	1,229	1,240	(1,544)	925	95	(288)	732
	<u>1,229</u>	<u>1,240</u>	<u>(1,544)</u>	<u>925</u>	<u>95</u>	<u>(288)</u>	<u>732</u>

50/50 Club

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

BESPOKE SUPPORTIVE TENANCIES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

17 Analysis of net assets between funds

	Unrestricted 2020 £	Restricted 2020 £	Total 2020 £	Unrestricted 2019 £	Restricted 2019 £	Total 2019 £
Fund balances at 30 September 2020 are represented by:						
Tangible assets	66,539,537	-	66,539,537	68,466,171	-	68,466,171
Current assets/ (liabilities)	1,908,298	732	1,909,030	2,685,851	925	2,686,776
Long term liabilities	(70,115,058)	-	(70,115,058)	(71,096,711)	-	(71,096,711)
	<u>(1,667,223)</u>	<u>732</u>	<u>(1,666,491)</u>	<u>55,311</u>	<u>925</u>	<u>56,236</u>

18 Finance lease obligation

Future minimum lease payments due under finance leases:

	2020 £	2019 £
Within one year	1,061,904	1,028,435
Within two and five years	4,784,670	4,625,441
In over five years	64,322,028	65,462,910
	<u>70,168,602</u>	<u>71,116,786</u>

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:	2020 £	Restated 2019 £
Within one year	10,401,477	9,189,906
Between two and five years	42,523,001	36,629,712
In over five years	164,322,779	154,858,570
	<u>217,247,257</u>	<u>200,678,188</u>

2019 comparatives have been amended to reflect a more accurate comparison with 2020 values.

BESPOKE SUPPORTIVE TENANCIES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

19 Operating lease commitments (Continued)

Office equipment:

	2020	2019
	£	£
Within one year	2,880	5,122
Between two and five years	480	6,240
	<u>3,360</u>	<u>11,362</u>

20 Capital commitments

At 30 September 2020 the charitable company had capital commitments as follows:

	2020	2019
	£	£
Contracted for but not provided in the financial statements:		
Acquisition of property, plant and equipment (Thorntree Farm)	3,407,583	3,407,583
	<u>3,407,583</u>	<u>3,407,583</u>

21 Events after the reporting date

Prior to the balance sheet date, the World Health Organization declared the outbreak of COVID-19, a novel strain of coronavirus, a pandemic. The coronavirus outbreak is disrupting supply chains and affecting production and sales across a range of industries.

However, despite the ongoing COVID-19 pandemic the charitable company continues to operate and has considered the potential impact of COVID-19 on its operations, risk management and financial forecasts for the period of one year from the date of signing of the financial statements.

As a result of the assessment of the events and conditions summarised above and based on information available at the date of approval of the financial statements, the charitable company has concluded that there are no material impacts in relation to the COVID-19 pandemic.

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

BESPOKE SUPPORTIVE TENANCIES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

22 Related party transactions

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.

Year Ended 30 September 2019

In the year ended 30 September 2019 payments to trustees and their related companies comprised:

£4,000 paid to Mr D G Poppitt, a former trustee, for a consultancy governance retainer.

Arm's length consultancy services of £20,000 from Lead a Bright Future CIC, a company in which former trustee Hugh C McCaw is a director.

Arm's length purchases of £9,131 from Income Generation Limited, a company in which former trustee Mr D G Poppitt is the sole director and shareholder.

Arm's length consultancy services of £12,000 from FinstF Consultancy, a company in which former trustee Hugh McCaw is the sole director and shareholder.

Arm's length transactions of £61,381 from Connell Wain, a company in which former trustee Stuart Connell is a director.

Arm's length consultancy services of £672 from trustee Andrew Bailey, ADB Consultancy.

No balances were due to related parties at 30 September 2019.

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 2019	Cash flows At 30 September 2020	
	£	£	£
Cash at bank and in hand	3,754,021	538,594	4,292,615
Obligations under finance leases	(71,116,786)	948,184	(70,168,602)
	<u>(67,362,765)</u>	<u>1,486,778</u>	<u>(65,875,987)</u>

BESPOKE SUPPORTIVE TENANCIES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

25 Cash generated from operations	2020 £	2019 £
Deficit for the year	(1,722,727)	(449,319)
Adjustments for:		
Investment income recognised in statement of financial activities	(4,954)	(4,172)
Interest on finance leases	3,692,309	3,770,328
Loss on disposal of tangible fixed assets	1,982	-
Depreciation and impairment of tangible fixed assets	2,235,934	2,359,310
Movements in working capital:		
Decrease in debtors	600,600	380,353
Increase in creditors	682,272	2,095,743
Cash generated from operations	<u>5,485,416</u>	<u>8,152,243</u>