

BESPOKE SUPPORTIVE TENANCIES LIMITED
(A Company Limited by Guarantee)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2015

Company Registration Number 07375502 (England & Wales)

Charity Registration Number 1143046

BESPOKE SUPPORTIVE TENANCIES LIMITED

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BESPOKE SUPPORTIVE TENANCIES LIMITED

BOARD MEMBERS, EXECUTIVE OFFICERS AND ADVISORS

Board Members

C Longworth (resigned as a director and board member on 25 September 2015)
H C McCaw
D G Poppitt
S L Hobbs (appointed as a director on 19 November 2015)
K Appleby (appointed as a director on 19 November 2015)

Trustees

H McCaw
D G Poppitt
L Teasedale
A D Bailey
M Tutte
A Hedley

Registered Office

2A Sentinel House
Albert Street
Eccles
Manchester
M30 0NJ

Chief Executive:

K Appleby

Chief Operations Officer:

S L Hobbs

Auditors

Beever and Struthers
Chartered Accountants and Statutory Auditor
St George's House
215-219 Chester Road
Manchester
M15 4JE

Bankers

Co-operative Bank PLC
PO Box 250
Skelmersdale
WN8 6WT

Unity Trust Bank plc
Nine Brindleyplace
Birmingham
B1 2HB

Solicitors

Woodcocks
11 Manchester Road
Bury
Lancashire
BL9 0DX

Registered Charity Number 1143046
Registered Company Number 07375502
Registered with the Homes and Communities Agency Number L4718

The Board of Directors, who are also Trustees for the purposes of charity law, is pleased to present the financial statements for the year ended 30 September 2015.

Principal Activity

The principal object of the Charitable Company (the 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 councils and property companies, e.g. Fairhome Properties, in identifying suitable homes that can be adapted to the specialist requirements of our tenants. We provide new build or state of the art apartments, using the latest in assisted technology and design, ensuring our service users benefit from the very latest innovation to aid them in assisted and independent living.

Review of Results

The results for the year are set out on page 7. The Company reported a surplus for the year of £44,648 before transfers to reserves (2014: £130,029).

The reduction in surplus this year is due to capitalization of leases which has caused adjustments within the Income & Expenditure account, by way of including depreciation, finance lease interest charges and removal of the payments for leases capitalized which are now deducted from the finance lease liability.

The Board is pleased to report following the previous accounting period the Association has more than exceeded the anticipated turnover as projected. The year end 2015 has shown considerable profit based on the current portfolio. The Association has upgraded infrastructure and increased staffing costs to ensure sustainability throughout the financial year. Quantifying the volume of business for 2015 depicts a more than favorable year again for the Association. Having recently secured external Bond investment provides a considerable cash injection for the Association which will be sustainable into 2016 and beyond. Aside of such transactions the Association has a diverse approach in that other business is secured through external developers under direct leasing arrangement to which currently 70% of the Associations stock falls into this criteria. This element of the business has proved to be very successful and a profitable revenue stream for the Association.

Future Prospects

Beyond 2016 intentions are for the Association to go to the fund market with a view to securing further funding for accommodation provision within the UK, strengthening our balance sheet and acquiring further assets. Our diverse approach and strategy to accommodate the future and current economic traits are well thought, tangible and will be delivered as intended in line with our business plan, risk assessment and framework strategy as set out.

Value for Money

As a specialist provider of bespoke properties for the most vulnerable tenants, value for money is vitally intrinsic to the operational delivery plan and achievement of required outcomes at least possible cost. Our approach consists of a clear definition of the specific support required by our tenants, required outcome from all delivery activity, an assessment process that seeks to eliminate wasteful or unnecessary actions in the achievement of the outcome. This results in a control of basic and complex costs which means in turn that capacity is maximized for our organisation to bring maximum benefits to our tenants.

In accordance with regulatory standards the Association undertakes regular self-assessment of its approach and performance in respect of Value For Money.

The Board of Directors of BeST are committed to ensuring that all the activities of the organisation abide by the principals of Value for Money. In order to ensure this is the case, new and revised policies and scheme compliance procedures are in place which will enable the Board to maintain a strategic delivery overview. It is also the aim of the Board to keep administrative costs as low as possible and improve all aspects of service delivery. This will be achieved by designated members of the Board being delegated with specific tasks which will be reported at formal regular and quarterly meetings.

It is a regulatory requirement of the Homes and Communities Agency (HCA) that the Boards of Registered Providers shall demonstrate to stakeholders how they are meeting the HCA's value for money (VFM) standard, and that they should publish a robust self-assessment which sets out in a way that is both transparent and accessible to stakeholders how they are achieving value for money in delivering their purpose and objectives. In this statement we set out our strategic approach to the delivery of value for money led by the Bespoke Supportive Tenancies Ltd Board of Directors and how this underpins our delivery Strategy.

BESPOKE SUPPORTIVE TENANCIES LIMITED

REPORT OF THE BOARD

Value for Money (continued)

Having considered our approach to delivering value for money, the actions that we have taken, and the plans that we have in place for the future, we believe that we meet the requirements of the Homes and Communities Agency's value for money standard. We believe that our self-assessment demonstrates that:

- We have a robust approach to making decisions on how we use our resources to achieve our strategic objectives;
- We understand the return on our assets and we use this information to optimise both the financial and social return on those assets;
- We are rigorous in our consideration of alternative service delivery models as a means of achieving VFM;
- We have effective performance management and scrutiny functions in place which have identified areas for improvement, and which have, in turn, informed our strategic plans, and
- We have a good understanding of the costs and outcomes of delivering our services, with future plans in place for further improvements.

Whilst we have made significant progress in the delivery of the VFM objectives, we recognise that there are a number of areas for improvement, all of which have been incorporated into our action plans for the coming year and which will be monitored through regular reports to the Board.

BeST Ltd is committed to the achievement of value for money in the delivery of all of its services. We have had a formal VFM strategy in place since inception and the current strategy has been identified as one of the key strategies underpinning the 2016-19 business plan. We use our resources to optimise service delivery through measured successful outcomes, high performance and high levels of customer satisfaction, as well as the social impact. The Board of Directors are responsible for overseeing the delivery of the strategy, the Board receives regular reports on the progress made towards the achievement of the strategic objectives. The successful delivery of our VFM strategy will help to ensure the following:

- That we maintain a financially viable business plan, and manage the risks that may threaten our financial viability
- That we provide services that are affordable and valued by our customers
- That we generate capacity for new investment, in particular for the development of new homes

Risk Management

A comprehensive yet fluid Risk Management Policy covering areas such as Financial, Operational and Reputational risk can be found at section 12 in the 2016 Business Strategy and will be reviewed at appropriate intervals.

Internal Control

Internal control mechanisms are in place and can be found as part of our Policy Handbook. In addition to that an Internal Audit Group has been put in place to test the robustness of the policies and procedures.

Reserves Policy

The Association maintains a Reserves bank account which is made up of unrestricted income that is freely available to spend on any of the Association's purposes. The level of reserves held ranges between 3 and 5% of income. These funds are set aside to cover for any unexpected call on funds or opportunities that may present themselves.

The Reserves Account excludes the Designated Reserve funds set aside to return the properties to their original condition at the end of the lease term. Designated Reserves are commensurate to contributions made by tenants occupying units under finance leases.

BESPOKE SUPPORTIVE TENANCIES LIMITED

REPORT OF THE BOARD

Statement of the Board's Responsibilities in Respect of the Accounts

The Companies Act and registered social housing legislation require the Board to prepare financial statements for each financial year that give a true and fair view of the Company's state of affairs, and income and expenditure, for that period.

In preparing these financial statements, the Board is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable, impartial and prudent;
- State whether applicable accounting standards 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 Company will continue in business.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable it to ensure that the financial statements comply with the Companies Act, the Housing and Regeneration Act 2008 and the Accounting Direction for Registered Providers of Social Housing 2012. The Board is also responsible for safeguarding the Company's assets and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities, by establishing and maintaining a satisfactory system of control over the Company's accounting records, cash holdings and all its receipts and remittances.

Post Balance Sheet Events

We consider that there have been no events since the financial year end which have had a material effect on the financial position of the Company.

Public Benefit Statement

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 Directors, in the oversight of the 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.

Disclosure of information to Auditors

The Board Members who held office at the date of approval of the Report of the Board confirm that:

- So far as they each aware, there is no relevant audit information of which the Company's auditors are unaware; and
- Each Board Member has taken all the steps that they ought to have taken as a Board Member to make themselves aware of any relevant audit information and to establish that the Company's Auditors are aware of that information.

Auditors

A resolution will be proposed at the forthcoming Annual General Meeting to re-appoint Beever and Struthers as the Company's Auditors.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemptions in the Companies Act 2006.

Approved by order of the Board on 12 May 2016


.....
D G Poppitt
Trustee / Director

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BESPOKE SUPPORTIVE TENANCIES LIMITED

We have audited the financial statements of Bespoke Supportive Tenancies Limited for the year ended 30 September 2015 on pages 7 to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 137 of the Housing and Regeneration Act 2008. 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 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.

Respective responsibilities of Directors and Auditor

As explained more fully in the Statement of the Board's Responsibilities set out on page 3, the Board Members (who are also directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Board; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Board to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on Financial Statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2015 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 2012.

Opinion on Other Matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Board for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BESPOKE SUPPORTIVE TENANCIES LIMITED

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 required 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
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Report of the Board.

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.

Beever and Struthers

St. George's House
215 – 219 Chester Road
Manchester

Sue Hutchinson (Senior Statutory Auditor)
For and on behalf of
BEEVER AND STRUTHERS
Chartered Accountants
& Statutory Auditor

Dated: *23 May 2016*

BESPOKE SUPPORTIVE TENANCIES LIMITED

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 2015

	Notes	2015 £	2014 £
Turnover	2	4,606,849	2,944,763
Operating costs	2	<u>(4,427,727)</u>	<u>(2,814,806)</u>
Operating surplus	2	179,122	129,957
Interest receivable		335	72
Interest payable	2a	(134,809)	-
		<hr/>	<hr/>
Surplus for the year		<u>44,648</u>	<u>130,029</u>

All of the amounts relate to continuing activities.

All recognised gains and losses are included in this statement.

The above surpluses are the historical cost surpluses.

The notes on pages 9 to 15 form an integral part of these accounts.

BESPOKE SUPPORTIVE TENANCIES LIMITED
BALANCE SHEET AS AT 30 SEPTEMBER 2015

	Notes	2015		2014 (restated)	
		£	£	£	£
Fixed Assets					
Housing properties	5		7,767,107		-
Other tangible fixed assets	6		<u>12,559</u>		<u>9,350</u>
			<u>7,779,666</u>		<u>9,350</u>
Current assets					
Debtors	9	515,376		409,205	
Cash at bank and short term deposits		<u>206,294</u>		<u>87,226</u>	
			721,670		496,431
Creditors: amounts falling due within one year	10	<u>(714,473)</u>		<u>(330,101)</u>	
Net current assets			<u>7,197</u>		<u>166,330</u>
Total assets less current liabilities					
			7,786,863		175,680
Creditors: amounts falling due after more than one year					
	11		<u>(7,566,535)</u>		<u>-</u>
			<u>220,328</u>		<u>175,680</u>
Capital and reserves					
Designated reserves	13		10,396		12,896
Revenue reserves	13		<u>209,932</u>		<u>162,784</u>
			<u>220,328</u>		<u>175,680</u>

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

The financial statements were approved by the Board and authorised for issue by the Board on 12 May 2016 and were signed on its behalf:


 Mr H C McCaw
 Trustee / Director


 D G Poppitt
 Trustee / Director

Company Registration Number 07375502

The notes on pages 9 to 15 form an integral part of these accounts.

1. Accounting Policies

The Association is a non profit-making company limited by guarantee having no share capital and is registered with the Homes and Communities Agency as a Registered Provider of social housing (L4718). The Association is also a Registered Charity.

a. Basis of accounting

The financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards and Statements of Recommended Practice of the United Kingdom. The accounts comply with the Companies Act 2006, the Housing and Regeneration Act 2008, the Statement of Recommended Practice: Accounting by Registered Social Housing Providers Update 2010 published by the National Housing Federation and the Accounting Direction for Private Registered Providers of Social Housing 2012. The accounts are prepared on the historical cost basis of accounting.

b. Turnover

Turnover represents net rental income and service charges receivable plus donations and other income, net of rent and service charge loss from voids. Donations are recognised when they are receivable.

c. Fixed assets

All fixed assets are initially recorded at cost, with an annual charge to the Income and Expenditure Account for depreciation on the following basis:

Housing properties (short leasehold)	– 20, 22 and 35 years
Computer equipment	– 25% on cost
Plant and equipment	– 20% on cost

Assets purchased with a value of £250 or greater have been capitalised and included as fixed asset additions.

d. Operating Leases

Rentals paid under operating leases are charged to the income and expenditure account as incurred.

e. Finance Lease Agreements

Where the Association enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are appointed between the finance element, which is charged to the income and expenditure account during the lease term so as to produce a constant periodic rate of charge, and the capital element which reduces the outstanding obligation for future instalments.

f. Provisions

The Association only provides for contractual liabilities.

g. Designated reserves

The Association designates those reserves which have been set aside for uses which prevent them, in the judgement of the Board, from being regarded as part of the free reserves of the Association. In order to ensure that the leased properties are maintained in accordance with the terms of the leases, a transfer is made from Revenue Reserves to Designated Reserves on an annual basis.

h. Value Added Tax

The Association is not registered for VAT. All the amounts disclosed in the accounts are inclusive of VAT.

1. Accounting Policies (continued)

Taxation

The Association is a charitable company with charitable status and as such is exempt from taxation. The Board knows of no circumstances that will affect this taxation status in future.

2. Turnover, operating costs and operating surplus

Social Housing Lettings (note 3)

	2015 £	2014 £
Social housing income (net of void losses)	4,590,768	2,937,801
Social housing operating costs	<u>(4,427,727)</u>	<u>(2,814,806)</u>
Social housing operating surplus	163,041	122,995
Donations	<u>16,081</u>	<u>6,962</u>
Total operating surplus	<u>179,122</u>	<u>129,957</u>

2a. Interest Payable

Interest payable £134,809 (2014-£nil) represents finance charges on the capitalized finance leases charged to the income and expenditure account to produce a consistent rate of interest on the remaining balance of liabilities.

3. Income and expenditure from social housing lettings

	General Housing 2015 £	2014 £
Income		
Rents receivable net of service charges and void losses	2,682,058	2,050,876
Property acceptance fee	55,948	-
Service charge income	<u>1,852,762</u>	<u>886,925</u>
Turnover from social housing lettings	<u>4,590,768</u>	<u>2,937,801</u>
Expenditure		
Leased property costs	3,072,260	2,035,753
Services	440,493	357,308
Management	358,286	156,694
Depreciation of housing properties	105,116	-
Routine maintenance	<u>451,572</u>	<u>265,051</u>
Operating costs on social housing lettings	<u>4,427,727</u>	<u>2,814,806</u>
Operating surplus on social housing lettings activities	<u>163,041</u>	<u>122,995</u>

4. Directors' Emoluments and Employee Information

The Directors are defined as the Non Executive Board Members, the Chief Executive and the Chief Operating Officer.

The Non Executive Board Members received £2,645 remuneration in 2015 (2014: £Nil).

The emoluments paid to the Executive Directors were £144,156 (2014: £112,239).

The emoluments paid to the highest paid Director (the Chief Executive) excluding pension contributions were £86,248. (2014: £68,697). The Association does not contribute to a pension scheme for the Chief Executive.

Staff Costs

	2015	2014
	£	£
Executive Officers	144,156	112,239
Other Staff	316,113	138,899
Social Security costs	43,937	24,304
Pension costs	<u>-</u>	<u>-</u>
Total	<u>504,206</u>	<u>275,442</u>

The Association does not operate a pension scheme or contribute to personal pension schemes.

The average full time equivalent staff members for the above staff year were as follows:

	2015	2014
		No
Management	4	2
Administration	<u>15</u>	<u>10</u>
	<u>19</u>	<u>12</u>

The aggregate number of full time equivalent staff whose remuneration exceeded £60,000 in the period:

	2015	2014
	No	No
£90,000 +	1	1

5. Housing Properties

	Supported Housing Leasehold Property £	Total £
Cost		
As at 1 October 2014		
Additions	7,872,223	7,872,223
As at 30 September 2015	<u>7,872,223</u>	<u>7,872,223</u>
Depreciation		
As at 1 October 2014		
Charge for year	105,116	105,116
	<u>105,116</u>	<u>105,116</u>
As at 30 September 2015		
Net Book Value		
As at 30 September 2015	<u>7,767,107</u>	<u>7,767,107</u>
As at 30 September 2014	<u> -</u>	<u> -</u>

The net book value of assets held under finance leases is £7,767,107. The depreciation charge in respect of assets held under finance leases total £105,116.

6. Other Tangible Fixed Assets

	Plant & Equipment £	Computer Equipment £	Total £
Cost			
As at 1 October 2014	3,161	8,560	11,721
Additions	1,161	5,596	6,757
As at 30 September 2015	<u>4,322</u>	<u>14,156</u>	<u>18,478</u>
Depreciation			
As at 1 October 2014	1,120	1,251	2,371
Charge for year	745	2,803	3,548
	<u>1,865</u>	<u>4,054</u>	<u>5,919</u>
As at 30 September 2015			
Net Book Value			
As at 30 September 2015	<u>2,457</u>	<u>10,102</u>	<u>12,559</u>
As at 30 September 2014	<u>2,041</u>	<u>7,309</u>	<u>9,350</u>

BESPOKE SUPPORTIVE TENANCIES LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 2015

7. Housing units in management	2015	2014
Units in management:		
Supported housing	<u>621</u>	<u>449</u>
All of the units are leasehold under direct management by Bespoke Supportive Tenancies Limited as the Registered Provider.		
8. Surplus on Ordinary Activities	2015	2014
	£	£
Is stated after charging:		
Auditor's remuneration (excluding VAT):		
In their capacity as auditors	8,400	3,950
In respect of other services	3,000	2,450
Operating lease payments	3,072,260	2,035,753
Depreciation of housing properties held under finance leases	105,116	-
Depreciation of other fixed assets	<u>3,548</u>	<u>1,540</u>
9. Debtors		
Amounts receivable within one year	2015	2014
	£	£
Arrears of rent and service charges	216,235	181,961
Less: provision for bad debts	(623)	(4,288)
Other debtors and prepayments	<u>299,764</u>	<u>231,532</u>
	<u>515,376</u>	<u>409,205</u>
10. Creditors – amounts falling due within one year	2015	2014
	£	£
Trade creditors	137,624	110,363
Rents in advance	-	62,621
Other taxes and social security	16,213	12,442
Finance lease agreements	230,036	-
Accruals	286,121	114,517
Other creditors	<u>44,479</u>	<u>30,158</u>
	<u>714,473</u>	<u>330,101</u>
11. Creditors – amounts falling due in more than one year	2015	2014
	£	£
Finance lease agreements	<u>7,566,535</u>	<u>-</u>

BESPOKE SUPPORTIVE TENANCIES LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 2015

12. Commitments under Finance Lease Agreements

	2015 £	2014 £
Amounts payable within 1 year	230,036	-
Amounts payable between 2 to 5 years	920,143	-
Amounts payable in over 5 years	<u>6,646,392</u>	-
	<u>7,796,571</u>	-

13. Reserves

	Designated Reserves		Total Designated Reserves £	Revenue Reserves £
	Responsive Repairs Reserve £	Planned/Cyclical Maintenance Reserve £		
At 1 October 2014 as previously stated	21,391	42,571	63,962	111,718
Prior period adjustment	<u>(9,038)</u>	<u>(42,028)</u>	<u>(51,066)</u>	<u>51,066</u>
At 1 October 2014	12,353	543	12,896	162,784
Surplus for the year	-	-	-	44,648
Expenditure	<u>(1,957)</u>	<u>(543)</u>	<u>(2,500)</u>	<u>2,500</u>
At 30 September 2015	<u>10,396</u>	-	<u>10,396</u>	<u>209,932</u>

The prior period adjustment is due to the funds previously being calculated on acquisition of all properties whether under operational or finance lease, as opposed to correctly being based on occupation per unit of properties under finance leases only. Therefore, the funds previously held in this account have been moved to revenue reserves.

The responsive repairs reserve is made up of contributions made by tenants towards future maintenance and repair of premises over the shorter term e.g. light fittings, internal/external doors, gutters, rainwater pipes and flooring.

The planned/ cyclical maintenance reserve is made up of contributions made by tenants towards major future planned maintenance work e.g. replacements of kitchens, bathrooms and windows.

14. Operating Leases

The Association utilises properties and office equipment under non-cancellable operating leases. At the end of the year the Association had annual commitments under these leases as follows:-

	2015 £	2014 £
Land and buildings which expire :-		
Leases expiring within the next year	-	61,000
Leases expiring in the second to fifth year	67,260	226,886
Leases expiring in more than five years	3,295,164	2,074,925
Others, which expire within next year	2,396	-
Others, which expire in the second to fifth year.	<u>2,806</u>	<u>2,396</u>
	<u>3,367,626</u>	<u>2,365,207</u>

15. Ultimate Controlling Party

The Company is limited by guarantee and as such has no shares. The Members who are the ultimate controlling party are the Board of Trustee Directors.

16. Related Party Transactions

The following are related parties:

The Association made sales of £Nil (2014: £299) and purchases of £Nil (2014: £13,593) to/from Fairhome Investments Limited. The balance owed from Fairhome Investments Limited at the period end was £139 (2014: £139). Mrs C Longworth, a Director of BeST during the year, is also a director of Fairhome Investments Limited.

All transactions between BeST and Fairhome Investments Limited are at arms length.

During the year expenses were reimbursed to the following non-executive directors totaling:

D G Poppitt £1,661

H McCaw £ 984

At the balance sheet date £206 was owed to D G Poppitt in relation to expenses which is included within trade creditors.

During the period the Association made purchases of £12,250 (2014: £10,250) from Income Generation Limited, a company which Mr D G Poppitt is the sole director and shareholder. At the balance sheet date no amounts were outstanding (2014: £Nil).

All transactions between BeST and Income Generation Limited are at arms length.

