

GOLDEN LANE HOUSING LTD

FINANCIAL STATEMENTS

For the year ended 31st March 2019

Company Number :	3597323
Charity Number :	1071097
RSH Registration Number:	4803

GOLDEN LANE HOUSING LTD
REPORT AND FINANCIAL STATEMENTS

Year Ended 31st March 2019

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Board Members, Executive Officers, Advisors, Bankers and Lenders**TRUSTEES (DIRECTORS)**

The Trustees of Golden Lane Housing Limited (GLH) are the charity's trustees under charity law and the directors of the charitable company.

The trustees serving during the year and since the year end were as follows:

Neil Hadden	Co-opted and elected as Trustee and Chair on 11th December 2018
Louise Li	Chair until 11th December 2018
Simon Beddow	Resigned on 22nd May 2019
Stephen Jack	Retired and re-elected on 11th December 2018
Stuart Kelly	Retired on 11th December 2018
Manny Lewis	Retired on 25 th September 2018
Chris Barrett	
Brendan Whitworth	Co-opted and elected as Trustee on 11th December 2018
Charles Cleal	Co-opted and elected as Trustee on 11th December 2018
Lorraine Ford	Co-opted and elected as Trustee on 11th December 2018
Ralph Middlemore	Co-opted and elected as Trustee on 11th December 2018

No trustee has any interest in the charity.

METHOD OF ELECTION

Trustees are appointed by Royal Mencap Society (Mencap) which is the sole member of the charity. One third retire by rotation each year. Trustees may appoint new trustees without a member vote, but those trustees must retire at the next Annual General Meeting. Trustees normally serve for a maximum of eight years.

Company Secretary : Marilyne Davis

Executive Officers to whom day to day management of the Charity is delegated by the trustees :

Alastair Graham until (August 2018), John Verge, Marilyne Davis, Abdul Latif, Rod Dugher, Melissa O'Donnell and Adele Currie.

Registered Office: 123 Golden Lane, London EC1Y 0RT

The Charity was formed as a company limited by guarantee on 14 July 1998.

Charity Number : 1071097 **Company Number :** 3597323

Golden Lane Housing is a registered provider of social housing with the Regulator of Social Housing under the Housing and Regeneration Act 2008.

Regulator for Social Housing

Registration Number: 4803

Board Members, Executive Officers, Advisors, Bankers and Lenders

(continued)

External Auditors :

Crowe U.K. LLP
St Bride's House, 10 Salisbury Square,
London EC4Y 8EH

Internal Auditors :

Beever & Struthers
St George House, 215-219 Chester Road,
Manchester M15 4JE

Bankers :

Barclays Bank plc
Charities Team,
Level 28, 1 Churchill Place,
London E14 5HP

Solicitors :

Ison Harrison
Duke House, 54 Wellington Street,
Leeds LS1 2EE

Lender:

Nationwide Building Society
Nationwide House, Pipers Way,
Swindon SN38 1NW

Lender:

Triodos Bank
Deanery Road,
Bristol BS1 5AS

Lender:

Royal Bank of Scotland
Natwest
9th Floor, 250 Bishopsgate
London EC2M 4AA

CORPORATE FRAMEWORK

Our Vision

A world where everyone with a learning disability has opportunities to access good quality housing that meets their needs.

Our Mission

To help people with a learning disability find a quality home around which they can build their lives.

Our Values

- Inclusive : We are inclusive. People with a learning disability are at the heart of everything we do.
- Trustworthy : We are trustworthy. Being open and honest in everything we do.
- Caring : We are caring. We treat everyone with respect and kindness.
- Challenging : We are challenging. Working for real change and innovation to support sustainable housing opportunities
- Positive : We are positive. Being optimistic for a better future and celebrate what we are proud of now.

Strategic Aims

The vision, mission and values underpin the strategic direction of the charity. The charity will achieve its vision and meet its mission through its strategic aims.

Three strategic aims are at the centre of our Business Plan.

- 1 - Having a viable business to provide security to our existing tenants;
- 2 - Providing a high quality, caring and efficient housing service;
- 3 - Growing the number of tenancies

STRATEGIC REPORT OF THE BOARD

The board is pleased to present its strategic report as required by the Companies Act.

Performance for the year against each of the three strategic aims :**1. Have a viable business to provide security for our existing tenants**

In January 2015 we became a Registered Provider with the Homes and Communities Agency, now the Regulator of Social Housing. This has enabled us to secure the tenancies of all our tenants with a learning disability, some of whom had previously had their housing benefit reduced by the local authority. It has also enabled us to plan the future with confidence and to work with other Registered Providers and with local authorities who choose only to work with housing associations who are registered with the regulator. Our plan shows that, given the cost and availability of capital funding and the safeguarding income stream, we are in a position to continue to invest in new and existing property across the country over the next five years. In the next five years we will be investing £50 million in the purchase and development of adapted homes, and £49 million in the improvement and maintenance of our existing homes. The financial plan has been stress tested under various scenarios, and under extreme scenarios our plan is still resilient, functions well and provides complete compliance with our loan covenants. We continue to pursue a risk management approach that identifies, mitigates, monitors and reports risk throughout GLH. We monitor our risk appetite against golden rules approved by the board of trustees and stress testing. During 2018/19 we made positive progress in reducing our voids and rent losses. We continue to actively manage voids bed spaces to minimise void periods and reduce rent loss. We proactively market voids to our local authority and provider partners and actively dispose of properties where there is no longer an identified need. We have a specialised income team who support our customers to pay their rent and this has had a positive impact in reducing debtors over recent years. We will continue to explore options to raise further capital in due course to invest in acquiring homes which would enable us to have an even greater impact. We are constantly reviewing other products that will assist us to house people with a learning disability. We will continue to set out in our Value for Money statement how we are reducing costs, increasing efficiency and adding value. We will also review our performance in terms of governance and financial viability. Value for Money measures can be found later in this document to show our performance against targets and peer benchmarks.

Financial Review

Golden Lane Housing finished the year with a cash position £1.581M higher than at the start of the year and an operating surplus of £2.421M demonstrating the strong financial management of the charity by its officers. The total reserves at the year end date were £33.167M. The performance and position create a stable base from which we can continue to improve people's lives.

During the financial year we repaid £1.399M of contractual loan repayments and made the first drawdown of £5M from the loan agreement of £20M with The Royal Bank of Scotland.

People

GLH believe that our people are key to our financial and operational success and we continue to invest in the development of our people to ensure a professional, committed and loyal staff team. GLH is committed to continuous employee improvement regarding development in knowledge and skills. The ongoing training programme is aligned with the new 2019-2024 Corporate Plan and has a focus on management development, and commercial acumen as well as resilience and wellbeing. Ongoing coaching for managers is a priority, enabling robust performance management and an ability to drive performance improvement to meet challenging objectives. Our engagement level is at 92% from Mencap's Big Listen staff survey (our employees are all contracted by Mencap) and we continue to be listed in the top 20 of the Sunday Times Top 100 Not For Profit Employers, retaining our 3 star accreditation.

STRATEGIC REPORT (continued)**2. Provide a caring and efficient housing service**

In 2018/19 we expanded our highly successful in-house repairs team and we now cover the whole of England and Wales. This service achieved satisfaction ratings of 97% during the year and also generated savings for re-investment as well as quality improvements. Around 90% of repairs were completed at first fix. In 2018/19 we handled 1,000 repair calls per month and 99% of these were answered within 7 seconds. We met all of our compliance targets.

In 2018/19 we also delivered our planned maintenance programme. £950,000 of compliance works were completed during the year which included phase 1 of the fire protection upgrades.

The programme we delivered included planned works to 101 properties covering internal decorations, external decorations, kitchens, bathrooms, heating, doors and windows, roofing, electrical, and external works. We also provided aids and adaptations in 64 properties and environmental works to 43 properties.

The reactive service once again delivered savings. We also saw a reduction of emergency repairs from 18% to 16% (of our total repair call outs) during the year and our programme of property health checks helped reduce maintenance calls. Our responsive repairs service dealt with almost 7,500 repairs, 95% of which were completed within the target time. Some 84% of repairs were completed first time and the average duration to complete a repair was 8 days. Satisfaction surveys were sent out and returns gave a satisfaction rating for repairs of 97.5%.

We also continued our contract with British Gas for heating and plumbing repairs nationally, its performance continues to be very good with the average completion time on repairs coming in at 2.2 days, compared to a national average of 6 days.

We maintained a strong commitment to regular and positive engagement with GLH tenants through the work of our housing services. We also continued to liaise closely with our tenants and to communicate with them in a variety of formats including through focus groups, our annual report, and by publishing our tenant satisfaction outcomes. We carried out a Tenancy Review including a personal visit across all our properties during the course of the year. Of these, 69% were given a green rating, indicating that everything was well and of a high standard, 27% were graded amber as there was an issue for GLH to follow up. Only 4% of properties had a red rating, where each issue flagged required an action plan to address the concern. Red graded issues are those which could impact the sustainability of the service. We also worked hard to further improve our asset management and income management processes. This has resulted in our gross voids (6.7%) and void loss (4.9%), being lower than last year and debtors (4.13%) remaining static.

Over the year, our housing advice surgeries provided detailed and expert advice in response to enquiries from people with a learning disability, their families and carers and other professionals.


STRATEGIC REPORT (continued)**3. Grow the number of tenancies**

We have continued to take a person centred approach, ensuring we are sourcing the right property for our tenants. We created 234 tenancies last year better than our target of 225. Our growth was mainly due to a combination of our capital funding, our private sector leasing product, and leasing properties from support providers, primarily Precious Homes, Whiteleaf and Glenholme. We created 30 tenancies through these three providers and will create a further 24 tenancies in 2019/20 with properties we have already leased in the last financial year. Behind every one of those new tenancies is a story of a new life for the person concerned and often for their family as well.

The next twelve months will see GLH continue to work on extending leases for our existing tenants, further improving the services we provide to tenants, further developing our in-house repairs team, and providing additional accommodation for over 200 people. Rent setting and welfare reform continues to be a challenge. The regulator is concerned about a number of RP's who have taken lengthy leases from investors/ backed developers with no break clause and high rents. GLH have avoided taking on such leases and have gone for shorter leases or longer leases with favourable break clauses. This has put us in a strong position, and we have a model that works and mitigates risks for GLH. We are working with other RP's to influence the regulator to ensure it makes the right decisions to allow the sector to support people with a learning disability. We are reviewing our process to become more effective and efficient which will help with our growth and improve our service offer. We are skilling up our development team to ensure that they are equipped with the right skills to meet the needs of a changing market. We are drafting our new development strategy which will help guide our growth and give the development team clear direction. The board has agreed to set up a New Business Committee in 2019/20, which will add value and increase oversight to our growth plans.

Trustees wish to record thanks and appreciation to the staff team for their hard work in making a real difference to the lives of many people with a learning disability, their families and carers.

This report was approved by the Board on 12th June 2019 and is signed on its behalf by:



Company Secretary
Marilynne Davis

REPORT OF THE BOARD FOR THE YEAR ENDED 31 MARCH 2019

The trustees present their Annual Report for the year ended 31 March 2019 under the Companies Act 2006, including the Directors' Report and the Strategic Report under the 2006 Act, together with the audited financial statements for the year.

Principal Activity

Golden Lane Housing Limited aims to relieve persons in necessitous circumstances by the provision of housing and the main beneficiary of the charity's work are people with a learning disability, their families and their carers.

The Trustees have complied with the duty in Section 4 of the Charities Act 2006 to have due regard to guidance in respect of public benefit published by the Charity Commission and are satisfied that all the activities and objectives outlined below are undertaken for public benefit.

Golden Lane Housing (GLH) exists to provide solutions for people with a learning disability, both by direct provision of housing and by providing advice and guidance.

Value for Money Context

In line with regulatory requirements GLH has included in its published accounts its value for money metrics, focusing on the seven ratios required by the regulator. For each one, GLH has sought a comparator, either against its own peer group (where available) or against its own targets. This is to support transparency and comparability across the sector.

For 2018/19 GLH has included 4 of its own performance metrics that are the most important to the organisation. GLH has set a VFM Framework approved by the Board in March 2019 which is reviewed on an annual basis.

The Framework confirms that the VFM policy links directly to Strategic Corporate Objectives as below;

- Focus on helping people with a learning disability into quality homes
- Tenants at heart of our services
- A business plan that ensures financial stability
- Advice and support focused on housing
- Being an influencer and campaigner on key issues affecting housing for people with a learning disability
- Identifying key strategic areas and partners to drive an ambitious purchase and lease growth plan
- Aligning our growth with Mencap along with continuing to work with other providers

The VFM approach is to provide understandable reports for our tenants and to publish this as part of GLH's annual reporting.

Benchmarking

GLH takes part in a benchmarking club led by Acuity along with its closest peer Housing Associations (the Supported Housing Benchmarking Group). Data is shared and peer averages established along with wider sector averages using this tool. There are also face to face meetings during the year to discuss benchmarking topics and share best practice.

2017/18 Regulator Feedback

The Regulator of Social Housing produced a report in September 2018 in order to assist registered providers to contextualise performance across the sector, and also to recognise the differences between different types of provider.

This report recognises that Supported housing activity is associated with much higher costs, and lower operating margins. The regression analysis demonstrates that each unit of supported housing is associated with costs of between £6,700 and £10,800 above general needs units, helping to explain why this group of providers have higher costs overall. Housing providers with a primary activity of supported Housing have very different performance metrics to the sector as a whole. It is also recognised that there are only a limited number of exclusively supported housing providers in the sector and only 4% of all providers have more than 1,000 homes (and GLH falls into this category).

It is also recognised that supported housing providers have lower operating margins and return on capital employed compared to the sector (GLH matched the Housemark median for this in 2017/18 achieving higher performance than the peer median). Higher support costs can also be experienced by these providers. This can also explain the lower level of re-investment than the sector median.

Source: Regulator of Social Housing- Value for Money Metrics- Summary Report September 2018.

VFM Scorecard 2018/19

The below scorecard demonstrates the position reported by Golden Lane Housing, along with comparitors and it's present and future targets
 (*) as Regulator Global Accounts Value for Money Metrics

Reference	Key Performance Indicators	GLH Actual (*) 2017/18	Peer Median Benchmark 2017/18	Wider Housemark Median Benchmark 2017/18	GLH Target 2018/19	GLH Actual 2018/19	GLH Target 2019/20	Analysis of Metrics and Performance
Regulator for Social Housing Metrics								
								We continue to reinvest in our existing properties and we have delivered planned works to 101 properties during 2018/19 with a reinvestment spend of £568,615. Our focus during 2019/20 will be to update our properties to meet fire regulations and undertake a full stock condition survey. We will continue to deliver our pipeline of new purchase of adapted properties by the deployment of £10M of new capital next financial year.
1	Reinvestment %	5.8%	5.0%	5.7%	9.0%	7.0%	6.0%	This current year we have delivered £6.3M of new stock vs a target of £10M. However, we have a strong pipeline of investment next year that includes over £3.5m of committed investment into new build accommodation which has been a focus in Northern Ireland over the past twelve months. The shortfall in tenancies in owned properties this year has been compensated by the units created through the short term leasing model.
2a	New supply delivered (Social housing units)	8.8%	1.0%	1.1%	11.2%	12.0%	11.0%	We have delivered 234 new tenancies in 2018/19. We have a healthy pipeline for 2019/20. We feel we can achieve our targets and ensure we deliver on this. We are in process of drafting our new development strategy which will drive our growth and ensure we are on track with our growth plans.
2b	New supply delivered (Non-social housing units)	0%	0%	0	0%	0%	0%	N/A
3	Gearing (RSH and Scorecard measure)	44.0%	21.1%	43.6%	42.1%	43.5%	46.0%	We have drawn £5M from our RBS loan in 18/19 vs a £10M in the target. The target set for 18/19 was using the fixed asset at costs but we have used the guidance from the regulator global accounts VFM metrics and have reported actual gearing using net fixed assets (hence the variance to budget). We plan to access a further £10M of capital finance in the next financial year to create more adapted properties for people with a learning disability.
4	EBITDA MRI (as a percentage of interest)	202.2%	337.1%	213.6%	191.0%	216.9%	172.0%	The ratio for the current year is better than target mainly due to the delay in the loan drawdown and the savings in interest costs. Next year target reflects the increase investment in properties and reflects the targets agreed business plan.
5	Headline social housing cost per unit (000)	£6.07	£8.52	£3.24	£6.64	£6.45	£7.81	The cost per unit has been maintained slightly below the target set for the current year due to a reduction in service charges and lower leases increases. Next year's cost per unit reflects the extensive investment planned in our existing units.
5a	Operating margin (overall)	23.0%	6.0%	29.9%	25.3%	23.5%	18.0%	The operating margin are slightly lower than target as we have invested more than budgeted into the fire compliance of our units. The target for next year's in line with our business plan and reflect the increase in investment in the compliance of our units.
5b	Operating margin (social housing lettings)	25.2%	9.4%	32.7%	25.3%	24.7%	13.0%	The operating margin on social housing are slightly lower than target due to the investment in compliance. Next year's target shows a significant reduction due to the second phase of investment in compliance.
7	Return on Capital Employed (ROCE) %	4.0%	2.4%	4.0%	4.0%	4.4%	3.0%	The performance for this financial year is slightly better due to the interest saved linked to the delay in the drawdown on our loan. Next year's target reflects the investment in the existing stock and also the deployment of £10M of further financing.

Reference	Key Performance Indicators	GLH Actual (*) 2017/18	Peer Median Benchmark 2017/18	Wider Housemark Median Benchmark 2017/18	GLH Target 2018/19	GLH Actual 2018/19	GLH Target 2019/20	Analysis of Metrics and Performance
GLH Metrics								
8	% of tenants satisfied with the landlord's services overall – Supported Housing	79%	89%	87.65%	>85%	86%	86%	We have continued to work on tenant satisfaction and have seen an increase of 7% from the 2017/18 scores. We are reviewing ways of engaging more tenants in the process with less than 15% returning the surveys in 2018/19.
9	Repairs fixed on first visit	91.0%	94.7%	94.1%	90.0%	89.0%	90.0%	The nature of our properties means that a first time fix is not always possible as parts are non-standard and return visits are often needed once parts are sourced. We are looking at van stocks and also asking tenants/support workers to photograph repairs to help us diagnose parts required before we visit.
10	Rent collected - Supported	100.0%	97.6%	100.0%	99.0%	100.5%	99.0%	The performance of our income collection has remained strong and consistent over the last 12 months. Our focus on pre tenancy work with applicants and HB authorities and securing full entitlement for new tenants is a key part of our proactive strategy.
11	% Void losses - Supported	5.0%	5.3%	3.4%	5.0%	4.3%	5.0%	The filling of empty bedspaces remains a core activity for the housing team. Addressing long term voids and improved systems for timely invoicing and receipt of void cover from 3rd parties has delivered consistent performance against a backdrop of fewer LA's committing to void cover arrangements.

REPORT OF THE BOARD - continued**Governing Document, Board members and Organisation****Governing document**

Golden Lane Housing Limited was formed as a company limited by guarantee on 14 July 1998 and is governed by its Memorandum and Articles of Association. Golden Lane Housing is registered as a charity with the Charity Commission and is a Registered Housing Provider regulated by the Homes and Communities Agency. Golden Lane Housing has a sole member, that member being Royal Mencap Society, which has agreed to contribute £1 in the event of the charity winding up.

Appointment of Trustees

As set out in the Articles of Association, Royal Mencap Society, the member, has the power to appoint trustees. One third of the serving trustees are required to retire at each AGM, such rotation being on the basis of length of service. The longest serving trustees are required to retire. Trustees elected during the year must resign at the next AGM. The maximum length that any Trustee can serve is eight years except in exceptional circumstances agreed by the Board.

Trustee induction and training

New trustees undergo an induction programme that ensures they are briefed on their legal obligations under charity and company law and the content of the Memorandum and Articles of Association. New trustees meet with fellow trustees and officers of Golden Lane Housing and visit a number of the tenants to gain an understanding of the services provided. A regular audit is undertaken of Trustees' training and development needs and appropriate internal and external training is arranged by officers on behalf of the trustees.

Organisation

The board of trustees meets at least quarterly with officers in attendance to set strategic direction, review and approve the Business Plan, set stress testing criteria, track performance against budget, approve Treasury strategy and policy and capital drawdown, and review operations. A Remuneration committee and Risk and Audit committee have been created during 2018/19 to strengthen the governance of the charity. Officers have been granted a range of delegated authorities by the board of trustees to facilitate the efficient running of operations.

Related parties

Golden Lane Housing has a close working relationship with Royal Mencap Society, which as sole member of the charity, has the power to nominate the trustees of the charity. Royal Mencap Society also provided a loan facility to Golden Lane Housing to purchase properties which are then rented to people with a learning disability but there is no plan for any further loans. The amount outstanding on this loan at 31/03/2019 was £3.1m. Golden Lane Housing has also been successful in attracting a number of other investors including through two public bond offers. Whilst neither the shared property investors nor bondholders are members of the charity, the board of trustees recognise the vital role their investment has played in furthering the objects of the charity. One of the Trustees, Stephen Jack is also a member of the Board of Trustees Royal Mencap Society. The Trustees of GLH have received legal advice from Bates Wells & Braithwaite with regard to the nature of the relationship with Mencap. The following extracts are felt to be relevant to these accounts:

REPORT OF THE BOARD - continued

"Although GLH is in company law a subsidiary of Mencap it does have different charitable objects and, in any event, in charity law the duty of the trustees are to act in the best interests of the charity's beneficiaries and to always act in accordance with the charity's objects".

"Company law requires that a subsidiary's assets and liabilities to be consolidated with the parent company's assets and liabilities in the consolidated accounts, in the case of a charity group it does not mean that the subsidiary's assets are to be deployed to discharge the liabilities of the parent company".

Investment powers and policy

The treasury plan is reviewed regularly as part of the regular update of the business plan.

Reserves policy

The policy in relation to unrestricted reserves is to set aside as designated funds amounts for specific future purposes and to hold a minimum of 10% of expected turnover as expenditure cover in cash. The balance of free reserves backed by cash was £8,576,634 which is adequate.

Our property portfolio is generally in a very good state of repair, a full stock condition survey was completed in March 2010 and since then the data been continually checked and updated by our Surveyors, during 2019/20 a full stock condition survey will be done again to quality check the data held. The Asset data held in ActiveH provides the platform for our maintenance investment strategy and has been used as the basis for the planned maintenance numbers in our business plan. We are confident that future maintenance commitments can be met out of future cash flow.

Capital Structure and treasury management

GLH borrows from Triodos Bank, Nationwide Building Society and the Royal Bank of Scotland at both fixed and variable rates of interest and currently has 75.5% of its borrowings at fixed rates. The loans are secured by legal charges on the individual properties.

The fixed rates of interest range from 3.34% to 6.6% with the weighted average rate of interest on all loans due to low variable rates being 3.74%.

GLH has also signed a £20M loan with RBS during the financial year and has given security to allow drawdowns to take place for the first £10m of which £5m has been drawn down.

REPORT OF THE BOARD - continued**Code of Governance**

The Board of Trustees adopted the Good Governance: A Code for the Voluntary and Community Sector Code in December 2013 and comply with the Regulator of Social Housing's Governance and financial Viability Standard.

A review of compliance against the code is undertaken yearly and no areas of non-compliance were identified. GLH was awarded a V1 G1 rating by the Homes and Communities Agency in 2016. The Board has decided that in future there will be a maximum term of eight years for all Trustees except in exceptional circumstances agreed by the Board. The Board recruited 5 new Trustees during 2018. Trustees have established a number of new committees (including Risk and Audit and Remuneration) and further improvements in governance around customer engagement and new business are planned for 2019/20 to ensure GLH's performance continues to be strong. The Board seek to ensure good governance by following the 6 principles of the code and consider performance against these. The principles are: Understanding the board's role, Doing what the organisation was set up to do, Working effectively, Control, Behaving with integrity and Openness and accountability.

Individual and collective board appraisals will be implemented during 2019/20 and a board development programme introduced which will be tailored to each Trustee. This programme will focus on board performance and working effectively together.

The Board can obtain external specialist advice from time to time as necessary.

Health and safety

The board is aware of its responsibilities on all matters relating to health and safety. GLH has prepared detailed health and safety policies and risk assessments and provides staff training and education on health and safety matters. The Health and Safety Steering Group meets quarterly.

Customer involvement

Our Involvement Policy is in line with the regulatory standards. We involve customers both formally and informally and use their feedback to inform service improvements and key decisions. We have a range of different tools to ensure customers are involved at all levels. These include information:- such as a regular newsletter, Annual Report, shadowing GLH staff, case studies and the website; consultation:- such as tenant forums and meetings, tenant satisfaction surveys, new home survey, supporting and hosting events, repairs feedback form; and involvement and empowerment:- such as through our website working group, tenant panels for easy-read documents, tenant involvement in recruitment and selection, involvement in developing housing guides, involvement in campaigns such as Treat Me Well, garden makeover days, presentations including to the Select Committee on Supported Housing.

REPORT OF THE BOARD - continued**Internal controls assurance**

The Board has overall responsibility for establishing and maintaining the whole 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, in line with the Board's view that risks should be controlled and managed.

In meeting its responsibilities, the Board has adopted a risk-based approach to establishing and maintaining internal controls that are embedded within day-to-day management and governance processes. This approach includes the regular evaluation of the nature and extent of risks to which the Charity is exposed. A detailed risk register is considered at each Risk and Audit Committee meeting and at least annually by the Board.

Trustees have also ensured the following key mechanisms are in place to facilitate effective internal controls assurance:

- A clearly defined structure which delegates authority, responsibility and accountability;
 - Stress testing of the business plan assumptions to understand what changes would be damaging to GLH and what action could be put in place to mitigate the negative impact;
 - Effective procedures to ensure Trustee/Leadership Team approval as appropriate for all major expenditure commitments;
-
- An internal audit programme:- Resulting from a tendering exercise, Beevers & Struthers were appointed as internal auditors to GLH. An internal audit needs assessment has been undertaken and a three year programme of internal audit activity approved by the Trustees. All of their audit reports are provided to the Risk and Audit Committee. All internal audits have provided reasonable or substantial assurance.

Trustees remain satisfied that the major risks to which the Charity is exposed are understood, clearly articulated and that appropriate action plans are in place to mitigate them.

REPORT OF THE BOARD - continued

Risk and uncertainties

Utilising the aforementioned approach GLH has identified the following top eight major risks to the successful achievement of its objectives and has updated the impact on the strategic objectives :-

Key risk element	Status	Impact on strategic objectives
Impact of changes to funding of social housing	Likelihood: Low Impact: Major	In August 2018 the government announced the funding of supported housing would continue to be paid through the welfare benefit system (Housing Benefit / Universal Credit), effectively maintaining the status quo after two and a half years of consulting on changes. However the government committed to continue to work to develop a "robust oversight regime" to ensure quality and value for money in the supported housing sector. In December 2018 as part of this work GLH along with other providers, local authorities, membership bodies met through a series of stakeholder groups to help shape proposals which deliver value and quality. The outcome of these further meetings is still awaited, with no timetable announced by the DWP as to when any proposals will be published. GLH will continue to take a lead on this consultation. We propose to review our rent setting approach to ensure this is robust, is regulatory compliant and we continue to get rents paid under current and future welfare benefit regimes.
The cost of paying carers the National Living Wage for sleep-in support if it is not fully funded by the Government	Likelihood: Medium Impact: Significant	If there is a ruling in favour of backdating payments that providers must make it will impact their viability. This in turn could impact their ability to deliver the contracts for support they have been commissioned by local authorities to provide. GLH tenants could be left vulnerable if support is reduced or withdrawn. Mencap is the charity challenging this decision. The most recent court of appeal judgement was in their favour however the courts have allowed an appeal to progress to the Supreme Court in February 2019, and a hearing has been set for February 2020.
Safeguarding abuse of residents	Likelihood: Low Impact: Major	GLH has a clear safeguarding policy in place and procedures for staff. Safeguarding concerns are immediately raised with a manager of any alleged abuse of a service user and we have a clear protocol for referral to the appropriate Social Service under safeguarding processes. Tenancy Review visits are undertaken at least annually for all services. Internal safeguarding training has been delivered for all GLH staff supporting a culture of awareness and of raising issues. In depth training has been completed for operational staff in 2017 from an external expert. We have continued to develop our approach through 2018 and in January 2019 launched It matters - our service standard to our tenants to commit how we can help and support them with any safeguarding concerns.
Overspends on Projects	Likelihood: Low Impact: Major	Scheme appraisal and sign-off procedure. Regular monitoring by Finance team and Development team. Carried out review of potential spend for adaptations required by Great Tenants schemes and Head of Development to monitor spend against budget. Finance team working with Mencap to ensure new finance system due in Autumn 2019 will support the Development team to assess and report on spend. HOD is working with finance team to ensure we interim arrangements in place until Mencap system is rolled out.
Shortfall in income due to increasing number of unfunded voids	Likelihood: Medium Impact: Significant	We have a clear policy and processes for dealing with voids in place along with KPI's. Nominations rights agreed at development stage incorporated with in service agreements. Teams work closely with local authorities and support providers to ensure nominations are provided in a timely basis when voids arise. Options appraisals are undertaken for all long term voids including private let, disposal and reconfiguration. Monthly performance monitoring and accountability meetings take place with Housing Officers /Housing Managers. We seek to maximise the nomination agreements with LA's with void cover, and service agreements with providers which provide void and rent shortfall cover and maintain these.
Administration systems not being sufficient for the level of growth	Likelihood: Medium Impact: Significant	The systems have coped well so far with the growth in 2018/19 and in the previous year. We have also been able to respond well to requests for information from the RSH. However, as part of the IT review we are implementing a number of improvements as recommended in the June 18 Board report. We are holding regular IT days with the development team to ensure, impact is reviewed, training is provided and look at how we address the concerns from the team.
Welfare reform and introduction of Universal Credit	Likelihood: Medium Impact: Significant	Strong campaigning links with Mencap Policy Team/ NHF/ to lobby on behalf of people with a learning disability. GLH accommodation categorised as specialist supported housing by RSH and also specified / exempt supported housing by HB (DWP) meaning Housing Benefit continues to be paid outside of Universal Credit for our tenants. Tenants support needs in terms of meeting the requirements of SSH recorded. October 2017 announcement that long term supported housing will continue to be paid under existing rules beyond 2022 with further announcement in August 2018 relating to the wider supported housing sector.
Gas Safety, Fire Safety, Electrical Safety, Asbestos & Legionella - Failure to meet compliance obligations in properties	Likelihood: Medium Impact: Significant	Compliance team responsible for monitoring and delivery of fire safety in properties. Processes and procedures in place and all teams have been educated in importance of fire safety. New regulation published in 2017 resulted in review of 100% of GLH properties which is currently underway and budgets have been set aside to undertake works. Development process now includes a full check of Fire safety requirements before sign off by Head of Operations. Compliance team employed to deal specifically with monitoring and delivery of gas servicing and repairs. Robust processes and procedures in place and all staff trained in importance of gas safety. Compliance team monitor and deliver the electrical safety programme along with follow on works. Audit of certificates being undertaken during 19/20. Electrical contractor has authority to rectify priority 1 & 2 items highlighted at time of test so no certificates submitted with 1&2's present. A full asbestos survey was completed on our stock in 2010 and has since been maintained and updated as new properties have been added. All contractors and staff have access to records and alerts are included in all works orders to ensure contractors are aware of the need to check records before completing works on site. In house team and Surveying team have up to date asbestos training.

Statement of Trustees' responsibilities for the annual report and financial statements

The trustees are responsible for preparing the Strategic Report, the trustees' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year in accordance with the United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) and applicable law.

Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its net incoming / outgoing resources for that period. 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 Housing SORP;
- make judgements and estimates that are reasonable 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 charitable company will continue to operate.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The following statements have been affirmed by each of the Trustees of the charitable company:


- so far as each Trustee is aware, there is no relevant audit information (that is, information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware; and
- each Trustee has taken all steps that he/she ought to have taken as a Trustee in order to make him/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**Statement of Trustees' responsibilities for the annual report and financial statements
- continued**

Auditors

The appointment of Crowe U.K LLP as auditors for GLH was confirmed at an AGM held on the 11th December 2018.

This Annual Report of the Trustees, under the Charities Act 2011 and the Companies Act 2006, was approved by the Board of Trustees on 12th June 2019 including approving in their capacity as company directors the Strategic Report contained therein, and is signed as authorised on its behalf by:

Name: 
.....

Date: 12-06-2019

Independent Auditor's Report to the Members of Golden Lane Housing Ltd**Opinion**

We have audited the financial statements of Golden Lane Housing LTD for the year ended 31 March 2019 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in reserves, the statement of cashflow and 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 31 March 2019 and of its incoming resources and application of resources 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 2015.

Basis for opinion

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

Conclusions relating to going concern

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.

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 strategic report and report of the Board, which includes the directors' report and the strategic 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 strategic report and the report of the Board have been prepared in accordance with applicable legal requirements.

Independent Auditor's Report to the Members of Golden Lane Housing Ltd**Matters on which we are required to report by exception**

In 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 strategic report or 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
- 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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 17, the trustees (who are also the 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, 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.

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.

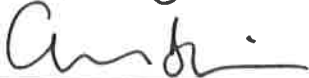
Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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 and Section 137 of the Housing and Regeneration Act 2008. 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the 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.

Date: 24 June 2019



Guy Biggin
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
Carrick House
Lyplatt Road
Chellenham
Gloucestershire
GL50 2QJ

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2019**

	Note	2019 £	2018 £
Turnover	2	17,249,793	15,591,879
Operating expenditure	2	(13,121,686)	(11,668,837)
Other income	2	0	0
Operating surplus/ (deficit)		<u>4,128,108</u>	<u>3,923,042</u>
Gain/(loss) on disposal of property	5	348,292	180,912
Interest receivable		20,995	12,223
Interest and financing costs	6	(2,076,608)	(2,031,650)
Surplus/(deficit) before tax		<u>2,420,786</u>	<u>2,084,527</u>
Taxation		0	0
Surplus/(deficit) for the year after tax		2,420,786	2,084,527
Total comprehensive income for the year		<u><u>2,420,786</u></u>	<u><u>2,084,527</u></u>

The results relate wholly to continuing activities.

Signed on behalf of the Board:

Date : 12th June 2019

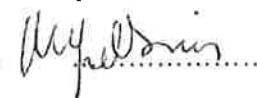
Board Member:
GLH Chair
Neil Hadden



Board Member:
Chair of Risk and
Audit Committee
Stephen Jack



Company Secretary:
Marilyne Davis



The notes on pages 28 to 44 form an integral part of these accounts

STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 MARCH 2019

	Note	Year ended 31-Mar 2019 £	Year ended 31-Mar Restated 2018 £
Fixed assets			
Tangible fixed assets	8	98,717,457	93,612,357
Other tangible fixed assets	8	77,315	117,044
		<u>98,794,772</u>	<u>93,729,401</u>
Current assets			
Stock	9	22,319	15,977
Trade and other debtors	10	1,841,656	1,359,160
Cash and cash equivalents	11	8,576,634	6,995,440
Less: Creditors:			
Amounts falling due within one year	12	4,120,591	4,046,735
Net current assets/ (liabilities)		<u>6,320,018</u>	<u>4,323,842</u>
Total assets less current liabilities		<u>105,114,790</u>	<u>98,053,243</u>
Creditors:			
Amounts falling due after more than one year	13a	71,637,600	67,041,401
Provision	18	310,004	265,442
Total net assets		<u>33,167,186</u>	<u>30,746,400</u>
Reserves			
Income and expenditure reserve		32,606,987	30,186,201
Restricted (and/or endowment) reserve		560,199	560,199
Total reserves		<u>33,167,186</u>	<u>30,746,400</u>

The financial statements were approved and authorised for issue by the Board on 12th June 2019 and were signed on its behalf by:

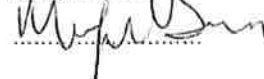
Board Member:
GLH Chair
Neil Hadden



Board Member:
Chair of Risk and Audit
Stephen Jack



Company Secretary:
Marilyne Davis



The notes on pages 28 to 44 form an integral part of these accounts

STATEMENT OF CHANGES IN RESERVES
FOR THE YEAR ENDED 31 MARCH 2019

	Income and expenditure reserve	Restricted reserve	Revaluation reserve	Restricted fund	Unrestricted fund	Total
	£	£	£	£	£	£
Balance at 31 March 2017	<u>21,724,383</u>	-	-	528,478	6,409,011	<u>28,661,872</u>
Surplus/(deficit) from Statement of Comprehensive Income	2,084,527	-	-	-	-	2,084,527
Transfer from Income and Expenditure reserves to Restricted fund	31,721	-	-	31,721	-	-
Balance at 31 March 2018	<u>23,777,190</u>	-	-	560,199	6,409,011	<u>30,746,400</u>
Surplus/(deficit) from Statement of Comprehensive Income	2,420,786	-	-	-	-	2,420,786
Transfer from Income and Expenditure reserves to Restricted fund	-	-	-	-	-	-
Balance at 31 March 2019	<u>26,197,976</u>	-	-	560,199	6,409,011	<u>33,167,186</u>

The notes on pages 25 to 41 form an integral part of these accounts.

The restricted fund holds repayable grants provided by non-government bodies.

STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 MARCH 2019

	Year ended 31-Mar 2019 £	Year ended 31-Mar 2018 £
Net cash generated from operating activities	4,624,626	5,437,204
Cashflow from investing activities		
Purchase of tangible fixed assets	(6,950,736)	(5,433,203)
Proceeds from sale of tangible fixed assets	1,112,290	1,001,397
Grants received	1,324,372	1,055,514
Other grants received	-	298,000
Grants and Shared Ownership repaid	(75,000)	(150,000)
Interest received	20,995	12,224
Cashflow from financing activities		
Interest paid	(2,076,608)	(2,031,650)
Loan Drawdown	5,000,000	-
New secured bond	-	10,000,000
Repayment of bond	-	(10,000,000)
Repayment of borrowings	(1,398,745)	(1,283,664)
Net change in cash and cash equivalents	1,581,194	(1,094,178)
Cash and cash equivalents at beginning of the year	6,995,440	8,089,618
Cash and cash equivalents at end of the year	8,576,634	6,995,440

Note i	Year ended 31-Mar 2019 £	Year ended 31-Mar 2018 £
Cash flow from operating activities		
Surplus/(deficit) for the year	2,420,786	2,084,527
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	982,511	933,111
Amortisation of grants	(199,020)	(192,620)
Reversal of grant amortisation on disposal	-	14,910
Decrease/(increase) in stock	(6,342)	(4,565)
Decrease/(increase) in trade and other debtors	(482,496)	(235,581)
Increase/(decrease) in trade and other creditors	(18,114)	588,939
Increase/(decrease) in provisions	40,959	265,422
Increase/(decrease) in amounts owed to group	40,229	51,500
Remove Gain/ Add back loss on disposal	(348,292)	(180,912)
Loss on disposal of plant and equipment & components	138,792	93,047
Interest payable	2,076,608	2,031,650
Interest received	(20,995)	(12,224)
Net cash generated from operating activities	4,624,626	5,437,204

The notes on pages 25 to 41 form an integral part of these accounts

1. ACCOUNTING POLICIES

a. Basis of preparation

The accounts (financial statements) have been prepared in accordance with the Housing SORP 2014: Statement of Recommended Practice for social housing providers applicable to registered providers preparing their accounts in accordance with FRS102, the Financial Reporting Standard applicable in the UK and Republic of Ireland, the Accounting Direction for Private Registered Providers of Social Housing 2015, Companies Act 2006 and UK Generally Accepted Practice.

Golden Lane Housing meets the definition of a public benefit entity under FRS 102.

The board is satisfied that the current accounting policies are the most appropriate for the company. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

- Company Information

The charity is a company limited by guarantee, a registered charity, and a registered provider in England and Wales, which is incorporated and domiciled in the UK. The address of the registered office is 123 Golden Lane, London, EC1Y 0RY.

The Charity was formed as a company limited by guarantee on 14 July 1998.

Charity Number : 1071097 Company Number : 3597323

b. Going concern

After making enquiries the Board has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, this is supported by a long-term business plan. For this reason, it continues to adopt the going concern basis in the financial statements.

c. Incoming resources

The following accounting policies are applied to income:

Donations are accounted for when conditions for their receipt have been met and there is reasonable assurance of receipt and the amount receivable can be estimated. Such income is only deferred when:

- The donor specifies that the grant or donation must only be used in future accounting periods; or
- The donor has imposed conditions which must be met before the charitable company has unconditional entitlement.

Grants receivable are recognised in the Statement of Comprehensive Income when the conditions for receipt of the grants have been fulfilled and the charitable company becomes entitled to payment. Discretionary grants applied for are not credited until they have been received. Where a grant is received relating to a future accounting period, the Statement of Comprehensive Income shows the gross amount receivable reduced by the movement in the amount deferred to future accounting periods.

Deferred grant income at the year end is included in creditors.

c. Incoming resources - continued

Gifts in kind : Assets given for use by the charitable company have been recognised as incoming resources when they become receivable and included either in fixed assets when they are received or in other debtors if they have not yet been received. The basis for valuation is the market value at the time of purchase.

Rental income is recognised on an accruals basis.

d. Resources expended

Liabilities are recognised once there is a legal or constructive obligation that commits the charity to the obligation. Expenditure is recognised when a liability is incurred. Contractual arrangements are recognised as goods and services are supplied. All resources expended are classified under activity headings that aggregate all costs related to the category:

- Charitable expenditure includes all expenditure directly related to the objects of the charity and comprises the cost of providing residential accommodation to beneficiaries.
- Governance costs include those incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements.
- Support costs have been allocated to activity cost categories on a basis consistent with the use of resources and in proportion to the amount of time spent by staff on each activity cost category.

e. Irrecoverable VAT

Irrecoverable VAT is charged against the category of resources expended for which it was incurred.

f. Funds

The charity's funds consist of restricted funds which have been granted for the purchase of particular properties and are repayable when the properties are sold. The general unrestricted funds represent funds which are expendable at the discretion of the trustees in the furtherance of the objects of the charity. Unrestricted funds may be held in order to finance both working capital and capital investment.

g. Tangible Fixed Assets

Freehold properties are stated in the balance sheet at cost less depreciation, unless any impairment in value is indicated by either periodic external valuations or the annual impairment review, less contributions from individuals and families where these individuals or families have the right to an equity share of the property on disposal, including any resulting profit or loss. It is the opinion of the Trustees that as a portfolio the properties' open market value is greater than their historical cost. However, it is not considered the best use of the charity's resources to undertake a full revaluation exercise and therefore it is not practicable to quantify the difference on the face of the accounts.

Depreciation is provided so as to write off the cost of the assets, net of the shared investment from the individual or families, in equal instalments over the estimated useful lives of the assets.

g. Tangible Fixed Assets - continued

Assets in the course of construction and freehold and leasehold land have not been depreciated.

The depreciation rates used for other assets are as follows:

Freehold and long leasehold buildings (structure only) over 100 years : 1% per annum

Capitalised leasehold buildings (structure only) less than 100 years : Over the term of the lease

Bathroom 30 years

Kitchen 20 years

Boiler 15 years

Central Heating 30 years

Roof 60 years

Externals (fascias, soffits) 30 years

Doors 30 years

Windows 30 years

Electrics (rewire) 30 years

Capitalised data system software over 5 years.

Capitalised fixtures and fittings over 10 years.

h. Financial Instruments

GLH has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost using the effective interest method. Financial assets held at amortised cost comprise cash and bank and in hand, together with trade and other debtors. Financial liabilities held at amortised cost comprise bank loans, bonds and overdrafts, trade and other creditors.

i. Concessionary Loans

A concessionary loan was received from the parent company Mencap in June 2000. The interest rate is 0.5% below base rate for the life of the loan (minimum 0%), this meant in 2018/19 interest was paid with effect from 2nd August 2018 when the BofE base rate was uplifted to 0.75%. The loan repayments are quarterly. Mencap has a legal charge against 140 properties ranking behind that given to commercial lenders. It is held at face value in the accounts.

j. Government Grants

Government grants received for housing properties are recognised in income over the useful life of the housing property structure under the accruals model. Repayable grants are classed as liabilities and Non-repayable grants are deferred income. They are both amortised to release the income into the SOCI across the lifetime of the asset. This is based on the structure of the asset unless specifically stated in the Grant agreement. Non government grants are categorised as reserves using the performance method.

k. Stock

GLH holds maintenance materials stock at the lower of cost and net realisable value.

l. Operating Leases

Rentals applicable to operating leases are charged to the SOCI over the period in which the cost is incurred.

m. Critical accounting judgements and key sources of estimation uncertainty

In the application of the charity's accounting policies, which are described in note 1, Trustees are required to make judgements, estimates, assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying 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 on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects the current and future periods. In the view of the Trustees, no assumptions concerning the future or estimation uncertainty affecting assets and liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

2. TURNOVER, OPERATING EXPENDITURE AND OPERATING SURPLUS

	2019	2019	2019
	Turnover	Operating expenditure	Operating surplus
	£	£	£
SOCIAL HOUSING LETTINGS (Note 3)	16,732,658	12,945,126	3,787,532
OTHER SOCIAL HOUSING ACTIVITIES			
Supporting People	12,532	-	12,532
Other:			
Managed associations	167,939	-	167,939
Rechargeable work	226,589	114,923	111,666
ACTIVITIES OTHER THAN SOCIAL HOUSING			
Lettings (Note 3b)	64,429	61,637	2,792
Other	45,647	-	45,647
TOTAL	17,249,793	13,121,686	4,128,108
	2018	2018	2018
	Turnover	Operating expenditure	Operating surplus
	£	£	£
SOCIAL HOUSING LETTINGS (Note 3)	15,063,766	11,606,212	3,457,554
OTHER SOCIAL HOUSING ACTIVITIES			
Supporting People	16,714	-	16,714
Other:			
Managed associations	89,842	-	89,842
Rechargeable work	226,774	-	226,774
ACTIVITIES OTHER THAN SOCIAL HOUSING			
Lettings (Note 3b)	70,400	62,625	7,775
Other	124,383	-	124,383
TOTAL	15,591,879	11,668,837	3,923,042

3a. TURNOVER AND OPERATING EXPENDITURE

	General Housing	Supported housing and housing for older people	Low cost home Ownership	Total 2019	Total 2018
INCOME					
Rent receivable net of identifiable service charges	-	15,853,783	-	15,853,783	14,087,673
Service charge income	-	490,670	-	490,670	495,640
Amortised government grants	-	199,020	-	199,020	192,620
Other grants	-	-	-	-	31,721
Other income from Social Housing Lettings	-	189,185	-	189,185	256,112
TURNOVER FROM SOCIAL HOUSING LETTINGS	-	16,732,658	-	16,732,658	15,063,766
OPERATING EXPENDITURE					
Management	-	4,394,226	-	4,394,226	4,150,321
Service charge costs	-	442,128	-	442,128	496,832
Routine maintenance	-	837,663	-	837,663	712,887
Planned maintenance	-	1,468,472	-	1,468,472	920,138
Major repairs expenditure	-	142,878	-	142,878	130,046
Bad debts and Change to Provision	-	(32,370)	-	(32,370)	27,371
Depreciation	-	982,511	-	982,511	933,111
Loss on disposal of plant and equipment	-	138,792	-	138,792	93,340
Rent to landlords and ground rent	-	4,519,272	-	4,519,272	3,753,547
Other Costs	-	51,554	-	51,554	388,619
Operation expenditure on social housing lettings	-	12,945,126	-	12,945,126	11,606,212
OPERATING SURPLUS / (DEFICIT) ON SOCIAL HOUSING LETTINGS	-	3,787,532	-	3,787,532	3,457,554
Void losses	-	878,712	-	878,712	756,107
Void losses excluding voids on properties for disposal (being rental income lost as a result of property not being let, although it is available for letting)	-	750,847	-	750,847	

3b. TURNOVER FROM ACTIVITIES OTHER THAN SOCIAL HOUSING

	2019	2018
	£	£
Lettings		
Residential Care Homes	-	-
Registered Nursing Homes	-	-
Market Renting	64,429	70,400
Student accommodation	-	-
	<u>64,429</u>	<u>70,400</u>

4. ACCOMMODATION OWNED, MANAGED AND IN DEVELOPMENT

	2019		2018	
	No. of properties Owned	Managed	No. of properties Owned	Managed
Social Housing				
Under development at end of year:				
Supported housing and housing for older people	14	-	14	-
Under management at end of year:				
Supported housing and housing for older people	433	324	419	204
Managed for other bodies	-	191	-	207
	<u>447</u>	<u>515</u>	<u>433</u>	<u>411</u>
Non-Social Housing				
Under management at end of year:				
Market Renting		7		10
		<u>7</u>		<u>10</u>

The numbers above are based on property numbers, GLH has 1940 available tenancy units as at 31/03/2019.

5. GAIN/(LOSS) ON DISPOSAL OF PROPERTY

	Property Developed for other PRPs £	Shared Ownership Staircasing sales £	Others £	Total 2019 £	Total 2018 £
Proceeds of sales	-	-	1,112,290	1,112,290	1,001,397
Less: Costs of sales	-	-	(763,998)	(763,998)	(820,485)
Surplus	-	-	348,292	348,292	180,912

6. INTEREST AND FINANCING COSTS

	Total 2019 £	Total 2018 £
On loans wholly or partly repayable in more than five years	1,891,513	1,934,530
Costs associated with financing	185,095	97,120
	2,076,608	2,031,650
	2,076,608	2,031,650

7. SURPLUS/(DEFICIT) ON ORDINARY ACTIVITIES

	Total 2019 £	Total 2018 £
Audit of the group financial statements	11,700	11,400
Fees payable to the company's auditor and its associates for other services to the group:		
Taxation compliance services	-	-
Other professional services	1,200	6,000
Operating lease rentals:		
Land and buildings- Manchester Office	110,367	87,216
Office equipment	81,860	82,004
Van Leases	60,974	33,865
Impairment losses of housing properties	-	-
Depreciation of housing properties	968,426	916,408
Depreciation of other fixed assets	14,085	16,703
	982,511	933,111

GOLDEN LANE HOUSING LTD

Year ended 31st March 2019

	Housing Properties				Other Fixed Assets			
	Social Housing Properties For Letting- Completed	Social Housing Properties For Letting - Under Construction	Low Cost Home Ownership Properties Completed	Low Cost Home Ownership Properties Under Construction	Property, Furniture and Equipment	Office Equipment	Non-Social Housing Properties	Total Other Fixed Assets
COST								
At start of the year	99,427,459	3,177,416	-	-	142,606	231,571	-	374,177
Additions to properties acquired	-	6,343,780	-	-	36,805	-	-	36,805
Works to existing properties	568,615	-	-	-	-	-	-	-
Disposals	(1,025,454)	-	-	-	(76,146)	-	-	(76,146)
Schemes completed	5,906,089	(5,906,089)	-	-	7,351	-	-	7,351
At end of the year	104,876,708	3,615,107	-	-	110,616	231,571	-	342,187
DEPRECIATION AND IMPAIRMENT								
At start of the year	(8,992,519)	-	-	-	(25,562)	(231,571)	-	(257,133)
Charge for year	(968,426)	-	-	-	(14,085)	-	-	(14,085)
Disposals	186,587	-	-	-	6,346	-	-	6,346
At end of the year	(9,774,358)	-	-	-	(33,302)	(231,571)	-	264,872
Net book value at end of the year	95,102,350	3,615,107	-	-	77,315	-	-	77,315
Net book value at start of the year	90,434,940	3,177,416	-	-	117,044	-	-	117,044

8. TANGIBLE FIXED ASSETS - continued

	2019	2018
Works to existing properties in the year:		
Components capitalised	568,615	565,759
Amounts charged to expenditure	1,290,363	818,344

Security of Properties

The bank loans are secured by fixed charges on individual properties and their carrying value on the balance sheet amounts to £63,373,986.

Terms of repayment and interest rates

The bank and other loans are repaid in monthly and quarterly instalments at various rates of interest ranging from 0% to 6.6%. The Mencap loan was issued on 1st April 2003. The interest rate on the loan is UK base rate minus 0.5% (minimum 0%) and so during 2018/19 the interest rate paid on the mencap loan was 0.25%. The final instalments on the various loans fall in the period 2025 to 2037. At 31st March 2019 the group had undrawn loan facilities of £15m (2018: £20m).

Shared Ownership Properties

There were two disposals with regard to shared ownership properties in the year, but there were not any additions.

9. STOCK

	2019	2018
	£	£
Maintenance stock	22,319	15,977
	<u>22,319</u>	<u>15,977</u>

10. TRADE AND OTHER DEBTORS

	2019	2018
	£	£
Rent arrears	792,424	738,455
Less: provision for bad debts	(57,035)	(131,798)
Other debtors	30,780	170,191
Prepayment and accrued income	1,075,487	582,312
	<u>1,841,656</u>	<u>1,359,160</u>

Debtors (rent arrears) greater than one year is £46,755 (2018 : £55,698).

11. CASH AND CASH EQUIVALENTS

	2019	2018
	£	£
Cash at bank	8,576,634	6,995,440
	<u>8,576,634</u>	<u>6,995,440</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018 (Restated)
	£	£
Loans	1,088,394	1,047,003
Trade creditors	264,640	245,724
Accruals and deferred income	1,983,999	1,981,014
Amounts owed to group undertakings (Mencap) - Concessionary Loan	317,617	317,618
Amounts owed to group undertakings (Mencap) - Intercompany	174,468	134,239
Government Grants	203,506	191,231
Other creditors	87,967	129,906
	<u>4,120,591</u>	<u>4,046,735</u>

13a. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2019	2018 (Restated)
	£	£
Loans and bonds	47,412,779	43,478,772
Amounts owed to group undertakings (Mencap) - Concessionary Loan	2,803,382	3,177,522
Shared investment contribution - Government grants	899,918	910,607
Shared investment contribution - Non Government grants	2,290,136	2,365,136
Non-repayable Government Grants	285,490	0
Repayable Government Grants	17,945,895	17,109,364
	<u>71,637,600</u>	<u>67,041,401</u>

13b. DEBT ANALYSIS

	2019	2018
	£	£
Loans repayable by instalments:-		
Within one year	1,406,012	1,364,621
In one year or more but less than two years	1,422,352	1,385,055
In two years or more and less than five years	4,548,660	4,426,115
In five years or more	18,245,148	19,845,124
Loans repayable by bullet instalments:-		
Within one year	0	-
In two years or more and less than five years	11,000,000	11,000,000
In five years or more	15,000,000	10,000,000
Total loans	<u>51,622,172</u>	<u>48,020,915</u>

2018 : £11,000,000 relates to the 2014 Bonds repayable in 2021.

2018 : £10,000,000 relates to the 2017 Bonds repayable in 2027.

2019 : £11,000,000 relates to the 2014 Bonds repayable in 2021.

2019 : £10,000,000 relates to the 2017 Bonds repayable in 2027.

2019 : £5,000,000 relates to the RBS Loan repayable in 2027.

In the year ended 31 March 2017, the company issued through the intermediary of Retail Charity Bond (RCB), a bond totalling £11m paying a yield of 4.375%. The bond is repayable on 30 September 2021. In the year ended 31 March 2018, the company issued through the intermediary of Retail Charity Bond (RCB), a bond totalling £10m paying a yield of 3.9%. The bond is repayable on 30 September 2027.

As of 31st March 2019:

Net asset covenant :

Net assets - restricted reserves + bond

Bond

$$= \frac{33,167,186 - 560,199 + 10,000,000 + 11,000,000}{10,000,000 + 11,000,000}$$

Target > 1.3

Actual as at 31 March 2019 = 2.55

The interest rate profile of the PRP at 31 March 2019 was:

	Total	Variable rate	Fixed rate	Weighted average rate	Weighted average term
Total installment	25,622	12,377	13,245	3.7%	9.61
Total non installment	26,000	5,000	21,000	3.4%	6.00

GOLDEN LANE HOUSING LTD

Year ended 31st March 2019

14. DEFERRED CAPITAL GRANT

	2019 £	2018 £
At the start of the year	18,211,138	17,482,743
Grant received in the year	1,322,691	1,055,514
Grant disposed in the year	0	(134,500)
Released to income in the year	(199,020)	(192,620)
At the end of the year	<u>19,334,809</u>	<u>18,211,138</u>
	£	£
Amounts due to be released < 1 year	203,506	191,231
Amounts due to be released > 1 year	19,131,303	18,019,907
	<u>19,334,809</u>	<u>18,211,138</u>

2017/18

	B/f	Addition	Disposal	Amortisation	C/f
Repayable Grant	(16,561,448)	(1,055,514)	134,500	181,931	(17,300,531)
Shared Ownership	(921,296)			10,689	(910,607)
Non-repayable Grant					0
					<u>(18,211,138)</u>

2018/19

	B/f	Addition	Disposal	Amortisation	C/f
Repayable Grant	(17,300,531)	(1,035,279)	0	188,331	(18,147,479)
Shared Ownership	(910,607)			10,689	(899,918)
Non-repayable Grant	0	(287,412)		0	(287,412)
					<u>(19,334,809)</u>

15. STATEMENT OF FUNDS

	At 1st April 2018 £	Income £	Expenditure £	Transfer £	At 31st March 2019 £
TOTAL UNRESTRICTED FUNDS	30,186,201	17,249,793	-14,829,007		32,606,987
TOTAL RESTRICTED FUNDS	560,199				560,199
TOTAL FUNDS	<u>30,746,400</u>	<u>17,249,793</u>	<u>(14,829,007)</u>	<u>0</u>	<u>33,167,186</u>

Restricted funds are non government grants for shared ownership

16. CAPITAL COMMITMENTS	2019 £	2018 £
Capital expenditure that has been contracted for but has not been provided for in the financial statements	1,004,745	176,020
Capital expenditure that has been authorised by the Board but has not yet been contracted for	10,000,000	10,000,000
	<u>11,004,745</u>	<u>10,176,020</u>

The PRP expects these commitments to be financed with:

Social Housing Grant	-	176,020
Proceeds from the sales of properties	-	10,000,000
Committed loan facilities	3,004,745	-
Bond Issue	8,000,000	-
	<u>11,004,745</u>	<u>10,176,020</u>

The above figures include the full cost of shared ownership properties contracted for.

17. OPERATING LEASES

The PRP holds properties and office equipment under non-cancellable operating leases. At the end of the year the PRP had commitments of future minimum lease payments as follows:-

	Hampshire CC Leases	Other Leases	Total 2019 £	Total 2018 (Restated) £
Land and buildings:				
Less than one year	324,219	3,145,039	3,469,258	2,248,175
In one year or more but less than two years	347,617	1,960,896	2,308,513	1,558,339
In two years or more and less than five years	1,042,850	1,189,394	2,232,244	1,891,777
In five years or more	1,242,018	203,128	1,445,146	888,343
	<u>2,956,704</u>	<u>6,498,457</u>	<u>9,455,161</u>	<u>6,586,633</u>

Please note that the 2017/18 figures have been restated to match the changed format of the note.

Significant Leasing Arrangements Update

During 2018/19 new Lease arrangements have been made with Hampshire County Council, which have lease periods of 25 years with a 10 year break clause. The risks are materially different for these leases due to the contracted clauses for voids. An assumption has been made in the above figure that all voids will be occupied from July 2019 onwards and 100% occupancy continuing from then onwards.

As part of the contractual arrangements there will be an annual payment to Hampshire as the lessor in arrears on the last day of each year of the term.

The contract confirms that GLH are not liable for lease payments for Void properties/ rooms, and can also recover any service charge or planned maintenance income that would have been received if the property had been tenanted where voids exceed 30%.

There is a break clause in the contract if the number of untenanted units is more than 30% for a period in excess of 12 months, or if a change in Housing Benefit Regulations means the benefit payments are reduced.

A sinking fund is also required to be maintained for the Planned Maintenance elements.

18. PROVISION FOR LIABILITIES AND CHARGES	Pension £	Other £
Opening Balance	-	265,442
Transfer from Statement of Comprehensive Income (increase in the provision in the year) relating to the dilapidation risks on operating leases	-	44,562
At the end of the year	<u>-</u>	<u>310,004</u>

This is based on 6 weeks of landlord rent as an estimate of costs that could be incurred for returning properties in the condition required to Private Landlords. The timing of the payment will be on an occasion where a break clause is actioned or a lease is not continued by a renewal process.

19. STAFF COSTS

GLH does not employ any staff. The staff working for GLH are employed by Mencap and their salaries are recharged to GLH.

The remuneration paid to key management personnel (salary, allowances and pension contributions but excluding NI contributions) in 2018/19 was £433,446 (2017/18 was £427,958).

The remuneration paid to the highest paid Senior Executive in 2018/19, excluding pension and NI contribution, was £66,184 pro-rata (2017/18 was £104,463). The highest paid Senior Executive changed during 2018/19, with a leaver in August 2018, and a replacement from September 2018. The pro rata full year equivalent remuneration would be £116,514 and £113,459 respectively.

The full time equivalent number of staff whose remuneration payable within each band of £10,000 from £60,000 (including salaries, expense allowances and contributions to pensions) were:

£60,000 to £70,000	: 1 FTE
£70,000 to £80,000	: 2 FTE
£80,000 to £90,000	: 1.6 FTE (based on FTE equivalent)
£90,000 to £100,000	: 0 FTE
£100,000 to £110,000	: 0 FTE
£110,000 to £120,000	: 1 FTE

The Director (Highest paid Senior Executive) receives pension contributions equal to 5% of their salary. The pension scheme is a defined contributions scheme funded through rental income received. The Director is an ordinary member of the pension scheme and no enhanced or special terms apply.

No compensation was made to any Senior Executives or past Senior Executives in relation to the period of account in respect of loss of office.

The aggregate amount of Senior Executives or past Senior Executive's pensions recognised within the financial statement for the year is £14,726 (2017/18 was £15,242).

20. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company is a wholly owned subsidiary of Mencap, a charity registered and incorporated in the United Kingdom. A copy of that charitable company's accounts can be obtained from the registrar of Companies.

21. RELATED PARTIES

The following intra group transactions occurred during the year. Central services were provided by Mencap, the details and costs were as follows:

Business support (which includes HR, recruitment, payroll, procurement)	£47,996
Learning & development	£10,110
Legal support	£10,235
IT support	£67,318
Senior management team support	£28,000

GLH also has a concessionary loan from Mencap of £3,120,999 at 31/03/2019 (£3,495,139 at 31/03/2018). Capital is repaid quarterly, and interest monthly.

GLH also has an intercompany creditor balance with Mencap of £174,468 (£134,239 at 31/03/2018). It is settled monthly.

GLH also paid to Mencap £3,053,935 for the cost of all the staff seconded to GLH during the financial year (including Employers's NI and Employer's Pension contribution) (£2,500,145 in FY 17/18).

One of GLH's Trustees is an Employee of JonesLangLaSalle Limited who have been used for Property Valuation work. During 2018/19 transactions totalling a value of £57,540 were paid to this company.

22. TAX

Golden Lane Housing is a registered charity. Under Part 11 CTA 2010, it is entitled to exemption from corporation tax on donations, investment income and gains, and on profits from any trading activities carried out in the furtherance of the charity's primary objectives, if they are applied to charitable purposes.

23. FINANCIAL INSTRUMENTS

At the balance sheet date the charity held financial liabilities at fair value of £ 72,959,704 (2018 £68,597,251). This figure includes long term loans from the Royal Mencap Society, Nationwide Building Society, Royal Bank of Scotland and Triodos bank, and other forms of financing including Bonds, Grants and shared ownership agreements.

Other financial instruments include:

Cash deposits	£8,576,634 (2018 : £6,995,440)
Trade and other debtors	£1,818,738 (2018 : £1,336,242)
Trade creditors	£264,641 (2018 : £245,724)

24. PRIOR YEAR ADJUSTMENTS

There have been 2 areas of restated values for 2017/18 which are as follows:

- Statement of Financial Position and Notes 12 and 13a reflect a change between creditors less than and over one year due to showing the split of the deferred income for Government Grants to be amortised across the lifetime of the assets they relate to.

- Note 17 for Operating Leases has been restated for 2017/18