

Company registration number: 08257055

Charity registration number: 1149955

My Space Housing Solutions

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 October 2020

Prospero Accounting Ltd
Statutory Auditors
Lowry House
17 Marble Street
Manchester
M2 3AW

My Space Housing Solutions

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My Space Housing Solutions

Directors and Strategic Report for the Year Ended 31 October 2020

Members of the Board of Trustees and Directors

Trustees and Directors	John Manning	Appointed 25 th October 2019
	Carl McCready	Appointed 17 th October 2012
	Peter Lynch	Appointed 1 st April 2014
	Barry Campbell	Appointed 4 th July 2014
	Denize Alston	Appointed 20 th April 2016
	Aneeq Qureshi	Appointed 27 th April 2018
	Gary Prescott (Chair)	Appointed 15 th March 2021
	Kimberley Beswick	Appointed 16 th November 2021
	Gary Lee	Appointed 25 th November 2021
	Thomas Rickett	Appointed 30 th November 2021

Company Secretary	Aneeq Qureshi	Appointed 27 th April 2018
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Registered Office	Derwent Suite, Paragon Business Park, Chorley New Road, Horwich, Bolton BL6 6HG
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Executive Officers	Andrew Goodson, Chief Executive Officer (Resigned December 2019) John Manning, Interim Chief Executive Officer (Appointed 24 th August 2020) Peter Lynch, Strategic Director Aneeq Qureshi, Chief Financial Officer
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Auditors	Prospero Accounting Limited, Lowry House, 17 Marble Street, Manchester, M2 3AW
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My Space Housing Solutions

Directors and Strategic Report for the Year Ended 31 October 2020

The Board presents its report and the audited financial statements for the year ended 31 October 2020.

Principal Activities

My Space Housing Solutions (“My Space”) is incorporated in England and Wales (registered number 08257055) and a registered charity (registered number 11449955). Its principal activity is as a provider of high-quality specialised supported housing and temporary social housing to vulnerable adults, working with people in the sector known as 'High Acuity', which means the association will work with the most complex needs of vulnerable adults.

We put people at the heart of everything we do, and are unique in that we provide specialised supported housing and temporary social housing when all other opportunities have been exhausted. We lead the way in improving lives, creating opportunities and supporting our people to achieve great things.

Our primary purpose is to provide high quality housing and our aim is summed up by our organisation’s vision:
Supporting Independence, Inspiring Growth.

Our client group is vulnerable adults with complex needs which fall under the category of specialised supported housing and temporary social housing.

The registered head office address is Derwent Suite, Paragon Business Park, Chorley New Road, Horwich, Bolton BL6 6HG and My Space manages properties throughout the North West and the North East of England as well as the Midlands and Wales. Our innovative project ‘Community’ offers housing in the heart of communities. Each property is sourced taking into account the needs and desires of our residents to ensure it is suitable, and our asset-based approach means we can enable all our tenants to maintain successful tenancies. My Space work with quality landlords, developers and letting agents to source properties based on need. All our properties are of the highest quality, meeting the required legislation, and in the best possible community settings for each resident, and are fully furnished.

My Space match each resident with a highly trained Housing Support Officer who will provide care, support and supervision to these residents. My Space also have a dedicated maintenance team and an emergency repairs service available 24 hours a day, providing further support to our vulnerable tenants. All properties are subject to regular inspections.

Our approach means vulnerable people can live in good homes with the necessary bespoke levels of care, support and supervision but also puts them on the path to improving their wellbeing, integrating with their communities and living independently.

My Space are committed to ensuring we provide value for money (“VfM”) in all aspects of our service, aligned with our Vision and Values through economic, efficient and effective activity in all areas of our offer:

Economy: relates to keeping down the *cost of inputs*.

Efficiency: relates to the *transformation of inputs to outputs* (quantity and quality), i.e., how much you put in against how much you get out.

Effectiveness: relates to *achieving desired outcomes*. Outcomes are what matter to our stakeholders and should map across to the business’s objectives.

Our Business Plan contains clear targets and demonstrates how we will achieve them. Within this plan we have a number of critical success factors and believe that by achieving these factors we will be able to deliver value for money in all our activities whilst demonstrating tangible outcomes for our vulnerable tenants. Through the Board of My Space, a range of activities are underway to ensure the delivery of VfM and the Charity plans to issue its first ever annual VfM report independently to its statutory accounts for the year ended 31 October 2021. The data for the reporting metrics applicable to My Space are included within the Balance Sheet, Statement of Financial Activities and Notes contained within this report.

My Space Housing Solutions

Directors and Strategic Report for the Year Ended 31 October 2020

Values

At My Space we put people at the heart of everything that we do, and as such, we needed to define this way of working into a set of Vision and Values.

In 2018 we brought together staff, tenants and members of our Board and we held a series of workshops across the country to let us know what My Space meant to them and how the organisation should look going forward.

We wanted to know:

- What the My Space vision should look like;
- What values My Space should embrace so we can achieve that vision;
- The types of behaviours that My Space staff should display when working according to these values.

A very clear set of common themes emerged from all four workshops – despite the wide geographical area that was covered. These pointed to a shift in focus for My Space, from the “bricks and mortar” of our buildings to the people who live in them and the staff who support them.

This more human, person-centred approach led to a Vision and Values that reinforce and sum up the way My Space uses quality housing as a way to offer vulnerable and traditionally excluded people life-changing opportunities.

My Space vision is supporting independence, inspiring growth. This came out of the clear feeling from the My Space team that they are committed to empowering and enabling people to achieve their aspirations and reach their potential. We will make this the cornerstone of our organisation, embedding it into everything we do and say, and the way we all behave.

Our shared values as an organisation are:

Empathy

Always doing the best job, because we see things from other people’s point of view.

Integrity

Doing the right thing, being honest and open and always keeping our promises.

Respect

Treating others as we’d like to be treated ourselves, being understanding and non-judgmental.

Team Work

Taking pride in supporting each other and recognising a job well done.

People are at the heart of everything that we do – we have a great team, with a unique set of strengths, skills and expertise. But we face challenges, which our vision and values help us to meet.

They reflect the passionate and inclusive culture that we embrace as an organisation. They will help us to work together, to grow, build and achieve more – supporting people to achieve great things and ultimately, changing lives.

My Space Housing Solutions

Directors and Strategic Report for the Year Ended 31 October 2020

Objectives and Strategy

My Space Business Plan is for the period 2019-2021. This has been further revised into a 30-year plan in 2020. The organisation has ambitious targets for growth and achieving these will depend on the endorsement of current staff, customers and partners. Despite the challenges within the sector, the organisation provides products and services that remain high in demand.

The plan sets out a series of strategic aims and priorities that will ensure high levels of tenant satisfaction within a financially stable, and sustainable business model. In the current political and operating environment, associations require strength and flexibility to thrive. The business plan sets out how the organisation will achieve these objectives whilst minimising threats and making the most of opportunities during a period of change within the sector.

With 1,485 homes already in management, we aim to increase this to 3,931 by 2024. All of these homes will be available to people who need the support to enable them to live independently.

The Board has approved plans to grow the tenant list as follows:

Financial Year	Number of Tenants
2020	1,485
2021	2,131
2022	2,731
2023	3,331
2024	3,931

As part of the strategy to secure a high quantity of suitable accommodation, My Space will continue to source units which have been identified in areas of demand. This continued path allows My Space to ensure security of tenure for its clients, while providing high-quality accommodation and bringing efficiencies in the cost of providing support to clients. It also acts as an economic hub to expand into new geographical areas as part of our core and cluster approach.

The organisation acknowledges the current political environment and risks associated with some Organisations adopting this business model. My Space have continued to strategically and substantially mitigate against these risks in the form of service level agreements and mitigating clauses within these leases as discussed within the “risks” section of this report.

Health and Safety

My Space continue to focus on the health and safety of our tenants and staff. In 2019/2020 we have continued to invest within this function to manage and monitor key health and safety areas such as fire, gas, legionella, asbestos and electricity. The Board monitors compliance in each key area during regular board meetings and we to continue to reinvest in our stock to ensure the safety of our tenants and staff.

Repairs and Maintenance

In 2020 the Board approved additional investment into our repairs and cyclical maintenance programmes to ensure that our stock is to the standard that we expect. We spent £1,126,839 of which £Nil was capitalised. This investment has taken My Space above the expectations required of the Decent Homes Standard.

My Space Housing Solutions

Directors and Strategic Report for the Year Ended 31 October 2020

Financial Review

The Board is pleased to report an operating surplus of £5.72m (2019: £6.69m). The surplus generated this year is ahead of expectations and is due to the strong demand for the Organisations services where effective business planning and risk management has been key.

2019/2020 has been a year of challenges however the financial performance remains robust and as per the 30-year plan, performance is expected to continue at this level of strength.

During 2019/2020 the senior management team and the Board have continued to focus on maintaining the financial viability of the organisation and delivering strong performance across the housing stock. This is evident within the performance reported in these accounts.

My Space accommodated 1,485 individuals as at 31 October 2020, which is an increase from 1,164 as at 31 October 2019. The appropriate levels of Housing Benefit are on average paid to My Space within 8 to 12 weeks, dependent on Local Authorities' individual authorisation and payment procedures. We currently have 1,211 referrals on our waiting list and this is growing at a rate of 40-50 per week.

Covid-19

2020 has been a challenging year for the Charity however, equally one of financial and operational success. The Charity has experienced a significant surge in demand for its services due to the urgent need to house homeless and other vulnerable adults during the various stages of the national lockdowns arising from the global Covid-19 pandemic. The Charity has strategically worked with the majority of Local Authorities in areas where we operate to meet the housing demand for homeless and other vulnerable individuals on a short-term notice.

Despite the introduction of a numerous national lockdowns within the year, the Charity's delivery of services has remained stable throughout the year, with no evidence of any deterioration.

We have reported completing all or most safety checks and have not reported any material issues with gas safety, asbestos, electrical, fire, legionella or lift checks. Our landlord safety compliance continues to be broadly equal to pre-Covid-19 levels.

We have reported no material backlog in emergency repairs. However, during the national lockdown, we moved to emergency repairs only. However, this did not extend our target timescales for completing non-emergency repairs. This has been a challenging yet fantastic result for the Charity.

The Charity's delivery of care, support and supervision has remained stable and we reported no significant issues with staffing. The Charity was able to move to a home-based working environment quickly and efficiently. Through strategic risk evaluation and monitoring our staff have remained safe and committed to the Operations of the Charity. There were no significant staff absences which reduced overall capacity to deliver services throughout the year and our Housing and Maintenance Staff remained on the front line.

The Charity has seen no negative impact to the Financial Statements as a result of the pandemic and the Chief Financial Officer and Chair of the Board of Trustees are pleased to report that the financial performance of the Charity has remained robust and ahead of expectations.

During the 2019/2020 financial year, the Board approved the additional recruitment of direct staffing, along with approving expenditure on increasing the infrastructure of the Charity, in anticipation of further growth within the long-term index-based lease properties. However, due to delays outside of the Charity's control this growth has not materialised.

My Space Housing Solutions

Directors and Strategic Report for the Year Ended 31 October 2020

Regulatory Judgement

During the year, the Board of Trustees have been engaging with the Regulator of Social Housing on concerns related to the Charity's compliance to the Governance and Financial Viability Standard (2015). In December 2020 the Charity received a grading of G3 and V3 for non-compliance to the Governance and Financial Viability Standard (2015). Significant work has been underway to return the Charity to Compliance and the Charity has opted to utilise the specialist services of a reputable firm of Governance Specialists within the Sector.

This judgement was a direct result of the Regulator concerns on the lease-based sector as outlined within the Regulator of Social Housing Sector Risk Profile. The Board of Trustees has provided the Regulator of Social Housing with assurances that the Charity has sufficient liquidity to meet its short-term obligations, as outlined within the Regulatory Judgement. The Charity has worked closely with the Regulator of Social Housing to address their concerns and return to compliance. In response to the Regulator's engagement, the Charity developed a financial and governance improvement action plan which has since been completed. No concerns were raised on the Charity's ability to return to compliance and during the engagement with the Regulator, a new business plan was developed and submitted, along with evidence-based assurance on the Charity's exception to the Rent Standard (2020), its Risk Management Strategy, Stress Testing, Board Skills Audit and other Governance work related to the judgement. Following the completion of the compliance action plan and the submission of the Charity's evidence-based assurance work to the Regulator, the Charity are pleased to report that no additional concerns have been raised to date and the Charity are awaiting any next steps from the Regulator.

Due to the Regulatory Judgement, the Board of Trustees have opted to review its compliance in all other areas through the support of the firm of Governance Specialists and it is expected that a full review of its compliance to the National Housing Federation Code of Governance will be reported within the next accounts, in line with the new code's requirements. The Board of Trustees do not expect any concerns to be reported in maintaining its compliance to the new code.

My Space Housing Solutions

Directors and Strategic Report for the Year Ended 31 October 2020

Principal Risks and Uncertainties

General Policy

It is vital the My Space Board continue to assess the risks that affect the Organisation's ability to meet its key objectives. The increasing importance of housing in the political agenda exposes the organisation to strategic, statutory and regulatory risks. Our Board continues to monitor risks and how these will impact the financial position of the organisation through its long-term financial plan modelling.

An updated strategic risk register is presented to the Board on a quarterly basis. Risks that may prevent the Charity achieving its objectives are considered and reviewed annually by the Senior Management Team and Board as part of the Business Plan process. The Business Plan is then developed to address these risks so that they can be proactively managed.

The greatest areas of inherent risk affecting the delivery of corporate objectives are summarised below:

Lease-based Accommodation

The organisation acknowledges the continued Regulatory concerns over lease-based providers of specialist supported housing. The Regulator of Social Housing has been engaging with the Charity as a provider of specialist supported accommodation whose business model is predicated on taking long-term leases from property funds and has published a regulatory judgement where it has identified concerns about the Charity's compliance with the Governance and Financial Viability Standard (2015). Through strategic governance and reviews My Space have ensured that the organisation will return to compliance as soon as possible:

Risk: A new risk management plan and risk management policy has been adopted and submitted to ensure that the Charity is suitably protected against applicable risks outlined within the Sector Risk Profile.

Business Plan and Stress Testing: The Charity has developed a new 30-year business plan that has undergone initial stress tests and it has been noted that the Charity is able to suitably mitigate against a range of financial scenarios without material impact to its operating model. No concerns have been raised during this testing and the Charity has been able to evidence a strong and viable (long term and short term) business model.

Governance: The organisation is currently reviewing its compliance with the new NHF Code of Governance (2020) and it is expected that there will be no concerns in this area. However, the Board of Trustees acknowledge that an enhanced period of change and training must be undertaken to meet this compliance on a continuous basis. There are further plans in place to increase the number of Trustees and in 2021 the Board have approved the addition of three new non-executive Board members, where two positions are currently open.

Internal Audit: In December 2020 the Board of Trustees have approved a new Internal Audit function to ensure that the Charity is able to interrogate its compliance to all regulatory policies and procedures in addition to providing an assurance-based reporting approach to the Board of Trustees.

The Board of Trustees are confident in the Charity's ability to return to compliance as soon as possible and have engaged fully with the Regulator of Social Housing and have worked together in a co-regulatory fashion to achieve this outcome. All information requested by the Regulator has been submitted and the Charity have successfully completed its compliance action plan through an evidence-based approach.

My Space Housing Solutions

Directors and Strategic Report for the Year Ended 31 October 2020

Leadership Structure

2019 saw the departure of both the Charity's Chief Executive Officer and its Head of Operations. The Chair of the Board, John Manning stepped in as Interim Chief Executive Officer and Peter Lynch, Strategic Director stepped in as Interim Chair. The Charity opted to make these interim appointments to create stability within the Organisation while engaging with the Regulator of Social Housing, along with any impacts of Covid-19. However, both positions have been filled in 2021 with a new Chair (Mr. G. Prescott) and a new Chief Executive (Mr. A. Cooper) being appointed along with the appointment of Mr. J. Manning to the role of Chief Operating Officer which further strengthens the Executive Team.

Growth

The past 12 months have been important for My Space. There have been significant developments in terms of increased investment and policy changes. There have also been some challenges which have been managed within our risk framework and where appropriate, action plans have been developed to overcome.

However, one point is clear: the demand for specialised supported housing continues to grow and a challenge for the Charity continues to be the lack of available housing units to meet this growing demand. The Charity holds sufficient reserves in order to grow further and is exploring a variation of alternative solutions to source suitable units to house the most vulnerable adults in society.

The demand is evident, with My Space holding 1,211 referrals that are increasing at a rate of 40-50 a week. Through strategic financial and operational management, My Space is able to manage its growth in a systematic and coordinated manner ensuring regulatory compliance and maintaining robust cash flows. However, the Charity is unable to control the number of available housing units which have been impacted due to the Regulatory scrutiny within the lease-based sector.

Uncertain Debts

Prior year challenges were in relation to initial Housing Benefit claims under the 'exemption' rules required from Local Authority Housing Benefit teams and whether tenants qualified for the exempt status. To mitigate these financial risks to the organisation, the Charity entered into service level agreements with developers ensuring that My Space were able to draw down on lease rent costs, plus associated direct costs (if applicable) where payment of aged debts is in dispute, for a maximum period of up to 3 years or until the funds are settled to the charity. A summary of the conditions to this agreement are:

- 1) My Space draw down the difference between any income being received against invoices raised to local authorities up to the actual rental cost of each unit which is occupied but payment is in dispute;
- 2) Any funds drawn down for actual rent costs are repayable in full upon successful receipt of any respective claim either by a Local Authority decision or that of a Tribunal or Court;

The developer(s) retain the right to validate any claim from My Space under the basis of this service level agreement, however the details of any tenant(s) must be protected by My Space for Data Protection/GDPR compliance purposes and will not be disclosed, under any circumstances, to the developer(s) or any related parties.

These service level agreements ensure continued financial sustainability for My Space during future growth and mitigates the financial risk of aged debtor funds not being paid to the charity in the event of queries/disputes.

My Space has also continued to work hard to explain the model underlying the claim for Enhanced Housing Benefit to individual Local Authorities, such that the majority of Local Authorities are now paying the full Housing Benefit claim. Legal opinion has been provided that indicates My Space will win any tribunals and this has been evidenced by our tribunal successes. The Board is therefore of the opinion that the probability of any bad debt is non-existent such are the mitigating factors in place.

My Space Housing Solutions

Directors and Strategic Report for the Year Ended 31 October 2020

Value for Money

One of the most important considerations for My Space is that we provide services that are Value for Money. At My Space, we believe that Value for Money is about achieving the right balance between the three 'E's' - Economy, Efficiency and Effectiveness. This means spending less, spending well and spending wisely. Value for Money is high when there is an optimum balance between all three 'E's'; relatively low costs, high productivity and successful outcomes. Our main areas of expenditure are regularly cost tested to ensure that they provide Value for Money. We are setting up a programme of continuous improvement reviews which examine the services we provide in terms of cost, process, customer expectations, demands and performance.

We regularly compare our costs to other social housing providers to see where we can improve. We are currently training our staff to ensure that they understand the importance of Value for Money and are aware of how to identify ways in which My Space can improve its services.

We generated surplus of £5.97m that will be reinvested into our stock. The use of our in-house maintenance service resulted in a saving of £1.56m compared to using contractual services. Procurement of our key IT and staff protection services resulted in savings of £0.06m and tendering of our fire protection services resulted in a saving of £0.14m. A staff restructure took place in 2020 creating efficiency within our services and an additional saving of £0.3m.

Exceptional Value for Money is demonstrable in that typically our client group would be placed within residential institutions or special hospitals at weekly costs in excess of £1,500 per week, rising to as much as £3,000 per week. This type of placement or care does not often give the best outcome as it is a form of 'warehousing' and is not rehabilitative. My Space offers Local Government Departments and Primary Care Trusts a real alternative, which is safe, reliable and robust at a far lower financial cost.

Our average rent model is £350 per week for the exempt accommodation that we supply, which is significantly below the cost of the residential or institutional environments our client group can come from. This model is also in line with Homes England guidelines and comparable with industry providers in our specialist area.

The average charge for repairs and maintenance is £33.57 (2019: £33.57) per week. Our sinking fund is £18.39 (2019: £18.39). Both these amounts are incorporated into the overall rent model.

Each placement is assessed individually and it is only when a full risk assessment has been completed in collaboration with the statutory referrer that the final rent model is compiled. The trustees can confirm that they have complied with the requirements of section 4 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission for England and Wales and the Regulator of Social Housing Value for Money Standard.

Key Performance Indicators (KPIs)

My Space monitors its Value for Money using a number of KPI's to ensure they are making best use of their assets and resources to all stakeholders.

No.	Key Performance Indicator	2020	2019	2020 RSH Comparison
1.	Gearing %	78.92%	90.29%	34.5%
2.	Earnings Before Interest, Tax, Depreciation, Major Repairs Included (EBITDA MRI) Interest Cover %	469.17%	656.89%	199%
3.	Social Housing Cost per Unit	£10,721	£13,316	£4,600
4.	Operating Margin (Overall) %	26.25%	38.00%	20.3%
5.	Return on Capital Employed (ROCE) %	32.95%	63.74%	3.0%

Explanatory Notes

These Key Performance Indicators are based on the Regulator of Social Housing 'Value for Money metrics' – Technical note guidance.

The first two of the Regulator of Social Housing's metrics are not reported on. The first metric since it is based on the investment in properties as a percentage of the total value of properties held. The majority of the properties leased by My Space are on operating leases and so the values do not appear on the balance sheet.

My Space Housing Solutions

Directors and Strategic Report for the Year Ended 31 October 2020

The second metric is based on the % of new supply of social housing compared to non-social housing units. As My Space only provides social housing the figure will always be 100%.

The 2020 RSH Comparison is based on the Regulator of Social Housing Value for money metrics and reporting Annex to 2020 Global Accounts.

Gearing %

This measures how much of the adjusted assets are made up of debt and the degree of dependence on debt finance.

It is calculated by taking long term and short-term debt and dividing this by the shareholder equity. The My Space gearing % of 78.92% is due predominantly to the Charity's accounting treatment of Finance Leases, which are displayed as Investment Properties on the balance sheet. Outside of these Finance Leases the Charity does not hold any significant long-term or short-term debt.

EBITDA MRI

The EBITDA MRI interest cover measure is a key indicator for liquidity and investment capacity. It seeks to measure the level of surplus that a registered provider generates compared to interest payable.

It is calculated by dividing the Operating Surplus plus depreciation charge for the year by Interest Payable and financing costs.

Social Housing Cost per Unit

The unit cost metric assesses the headline social housing cost per unit as defined by the Regulator of Social Housing. The RSH comparison is calculated as an average across all types of social housing. My Space provides specialised supported housing which attracts higher costs due to the enhanced vulnerabilities of our clients.

It is calculated by dividing all social housing costs by the total social housing units owned and/or managed at the year end.

Operating Margin (Overall) %

The Operating Margin demonstrates the profitability of operating assets before exceptional expenses are taken into account. Increasing margins are one way to improve the financial efficiency of a business.

It is calculated by dividing the Operating Surplus plus the gain/(loss) on disposal of fixed assets and investment properties by total turnover.

Return on capital employed (ROCE) %

This compares the operating surplus to total assets less current liabilities and is a common measure in the commercial sector to assess the efficient investment of capital resources.

It is calculated by dividing the Operating Surplus plus the gain/(loss) on disposal of fixed assets and investment properties by Total assets less current liabilities.

My Space Housing Solutions

Directors and Strategic Report for the Year Ended 31 October 2020

Structure, Governance and Management

Corporate Governance

The nature of the governing document of the Charity is the Articles of Association and My Space Housing Solutions has previously adopted the National Housing Federation's (NHF) Code of Governance (2015 version) and seeks at all times to comply with both and best practice with regards to corporate governance. Compliance against the new code (2020) of Governance is underway as part of a wider governance review that has been commissioned by the Board of Trustees.

It is a requirement of the Regulator's Governance Standard that the organisation adopts an appropriate code and reports any variation on a 'comply or explain' basis. This statement is therefore part of the Organisation's regulatory compliance. Following its review of compliance against the NHF 2015 Code of Governance the organisation has concluded that a complete external review into the new NHF Code of Governance must be undertaken, and is currently in progress.

Governance Structure

Any new trustees are nominated by members of the My Space Board of Trustees, interviewed and then appointed if the necessary skills and knowledge to contribute to the charity's development and management. New trustees receive a full overview of, the strategic and operational functions; their legal obligations under charity laws and regulations (including the charity's Memorandum and Articles of Association); the decision-making process; recent financial performance; and future plans and objectives of the charity. They also meet other trustees, the executive team and any key employees.

The CEO and Key Management Personnel keep trustees up to date with changes in regulatory standards and training possibilities. We continually evaluate the Board's effectiveness. The Board of Trustees receive regular performance reports, annual financial reports, plans and budgets.

The CEO is accountable to the Board of Trustees and, along with other senior staff, is responsible for the day-to-day management of the organisation. The CEO chairs the Executive leadership team, which is made up of key functional leaders. The executive team ensures the policies agreed by the Board of Trustees are implemented and they also support the work of other staff and any volunteers.

Statement of Trustees' Responsibilities

The trustees, who are also directors of My Space for the purposes of company law, are responsible for preparing the Annual Report and Financial Statements. This includes the Strategic Report, and the Financial Statements including the detailed notes in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company, and of incoming resources and application of resources, including income and expenditure of the charity 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 National Housing Federation Statement of Recommended Practice (Housing SORP 2018), Financial Reporting Standard 102, and The Regulator of Social Housing 'The Accounting Direction for private registered providers of social Housing 2019'.
- Make judgments and accounting estimates that are reasonable and prudent.
- State whether applicable UK Accounting Standards and statements of recommended practice 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

The trustees have to keep proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company that enables them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for safeguarding the assets of the charitable company and group and therefore for taking reasonable steps to prevent and detect fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website.

My Space Housing Solutions

Directors and Strategic Report for the Year Ended 31 October 2020

Setting Key Management Personnel Remuneration

We believe that the opportunity to have a positive impact on the lives of our vulnerable tenants is an important part of the total reward of working for My Space, especially at management level. In setting appropriate pay levels for key personnel, our remuneration policy reflects and takes into consideration specific matters such as assignments and the responsibilities undertaken. In addition, the remuneration policy helps promote long-term goals for safeguarding the Organisations interests. Benchmarking is undertaken to ensure that the remuneration of key personnel matches the level in comparable organisations, whilst also taking into consideration the required competencies, effort and the scope of work. The key management personnel of the Charity are the Chief Executive Officer, Chief Financial Officer, Strategic Director and the Chief Operating Officer. The Chief Executive Officer and the Board of Trustees set the salaries of the Chief Financial Officer, Strategic Director and the Chief Operating Officer in consultation with the Chief Financial Officer. The Chief Executive Officer's remuneration is set by the Board of Trustees. Company insurance policies indemnify Board members and officers against liability when acting for My Space.

Statement on disclosure of information to the auditors

So far as they are aware, the Board of Trustees confirm that there is no relevant audit information of which the auditors are unaware and that they have taken all the steps that they should have taken to make themselves aware of any relevant audit information, and to establish that our auditors are aware of that information.

Policy for employment of disabled persons

Our policy for employment of disabled persons and its adherence to the Equality Act 2010, ensures that we have a strong commitment to developing the diversity of our staff and volunteers. We work to achieve this through equal opportunity policies, training and practical action. This includes encouraging applications from disabled people, developing their skills, and taking every reasonable measure to adapt our premises and working conditions to enable disabled people to work or volunteer with us.

We will continue to ensure:

- We make reasonable adjustments if required
- Our policies and practices do not disadvantage
- We provide equal training and career development for all employees

Employee Involvement

We support our employees and develop their skills. We encourage all colleagues to engage with the strategy and objectives, and to give their suggestions and views on plans and performance. We are committed to the Investors in People code of good practice. We are an equal opportunities employer and are proud to recruit and promote our staff based on their aptitude and ability, without discrimination. Staff benefit from policies focusing on training and career development as well as regular supervision and an annual appraisal.

We believe effective internal communications is key to My Space achieving its strategy and outcomes. This supports the smooth running of My Space, successful change programmes and good leadership in our vision, strategy and objectives.

We undertake employee engagement through regular team workshops and staff briefings, which supports better performance, employee retention and wellbeing. Employees are more engaged when information flows freely and they are aware of organisational activities and management decisions that affect their jobs.

My Space Housing Solutions

Directors and Strategic Report for the Year Ended 31 October 2020

Financial Instruments

Objectives and Policies

The Charity's activities expose it to a number of financial risks including credit risks, cash flow risk and liquidity risk. The use of financial derivatives is governed by the Charity's policies approved by the Board of Trustees, which provide written principles on the use of financial derivatives to manage these risks. The Charity does not use derivative financial instruments for speculative purposes.

Cash Flow Risk

The Charity's activities expose it primarily to the financial risks of changes in interest rates. Interest-bearing assets and liabilities are held at fixed rate where possible to ensure certainty of cash flows.

Credit Risk

The Charity's principal financial assets are bank balances, trade and other receivables and investments. The Charity's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. The Charity has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity Risk

In order to maintain the liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Charity uses a mixture of long-term and short-term debt finance. Further details regarding liquidity risk can be found in the Statement of Accounting Policies in the financial statements.

Future Developments

As part of our wider strategy to improve governance, an important aim in the year ahead is to enhance accountability, strengthen relationships with the Regulator of Social Housing, our customers and other stakeholders at board level and beyond. In the future we will be focussed on meeting the challenges of new statutory standards, increased focus on the consumer standards, higher benchmarks for building standards and fire safety, and the move to zero carbon. As a regulated housing association, we have already put measures in place to address these changes. This work will continue to ensure we are well positioned for what lies ahead and that our customers will benefit from the highest quality homes and neighbourhoods.

During the year the Board spent considerable time looking at the operations of the Charity and approved a new business plan to grow the business and return the Charity to Regulatory compliance. The Board will continue to carefully monitor the performance of My Space against its business plan ambitions.

Independent Auditors

A resolution proposing the reappointment of Prospero Accounting Limited as My Space Housing Solutions charitable company auditors will be submitted at the Annual General Meeting and Prospero Accounting Limited have expressed their willingness to continue in that capacity.

This annual and strategic report was approved by the trustees of the Charity on 11 February 2022 and signed on its behalf by:

 SIGNED SECURELY
11/02/2022 at 2:06:26 PM UTC

Mr Aneeq Qureshi
Trustee

My Space Housing Solutions

Independent Auditors' Report to the Members of My Space Housing Solutions

Opinion

We have audited the financial statements of My Space Housing Solutions (the 'charity') for the year ended 31 October 2020, which comprise the Statement of Financial Activities, Balance Sheet, Statement of Cash Flows, 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 United Kingdom Accounting Standards, comprising: the Housing SORP 2018; the Regulator of Social Housing's 'the Accounting Direction for Private Registered Providers of Social Housing'; and, FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and applicable law (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 October 2020 and of its incoming resources and application of resources, including 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.

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 charity 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 charity'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.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Directors and Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors and Strategic Report have been prepared in accordance with applicable legal requirements.

My Space Housing Solutions

Independent Auditors' Report to the Members of My Space Housing Solutions

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors and Strategic Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities (set out on page 11), the trustees 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 charity'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 charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the charity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

My Space Housing Solutions

Independent Auditors' Report to the Members of My Space Housing Solutions

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the charity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the charity audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the charitable company's trustees, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charity's trustees 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 its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

 SIGNED SECURELY
Rennie Evans
11/02/2022 at 3:07:36 PM UTC

.....
Rennie Graham Evans (Senior Statutory Auditor)
For and on behalf of Prospero Accounting Ltd, Statutory Auditor

Lowry House
17 Marble Street
Manchester
M2 3AW

11 February 2022

My Space Housing Solutions

Statement of Financial Activities for the Year Ended 31 October 2020 (Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted funds £	Total 2020 £
Turnover	3	20,201,532	20,201,532
Other income	3	6,195,865	6,195,865
Cost of Sales and Operating costs	4	<u>(20,675,829)</u>	<u>(20,675,829)</u>
Operating surplus	6	5,721,568	5,721,568
Interest and financing costs	7	<u>(1,471,301)</u>	<u>(1,471,301)</u>
		4,250,267	4,250,267
Gains on investment assets		<u>1,721,581</u>	<u>1,721,581</u>
Surplus and total comprehensive income for the year		<u>5,971,848</u>	<u>5,971,848</u>

Statement of Changes in Reserves

Total funds brought forward		10,500,825	10,500,825
Surplus and total comprehensive income for the year		<u>5,971,848</u>	<u>5,971,848</u>
Total funds carried forward	22	16,472,673	16,472,673

	Note	Unrestricted funds £	Total 2019 £
Turnover	3	17,613,251	17,613,251
Other income	3	8,478,503	8,478,503
Cost of Sales and Operating costs	4	<u>(19,398,216)</u>	<u>(19,398,216)</u>
Operating surplus	6	6,693,538	6,693,538
Interest and financing costs	7	<u>(1,214,670)</u>	<u>(1,214,670)</u>
		5,478,868	5,478,868
Gains on investment assets		<u>-</u>	<u>-</u>
Surplus and total comprehensive income for the year		<u>5,478,868</u>	<u>5,478,868</u>

Statement of Changes in Reserves

Total funds brought forward		5,021,957	5,021,957
Surplus and total comprehensive income for the year		<u>5,478,868</u>	<u>5,478,868</u>
Total funds carried forward	22	<u>10,500,825</u>	<u>10,500,825</u>

All of the Charity's activities derive from continuing operations during the above two periods.

The funds breakdown is shown in note 22.

The notes on pages 20 to 39 form an integral part of these financial statements.

My Space Housing Solutions
(Registration number: 08257055)
Balance Sheet as at 31 October 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	12	1,238,641	1,569,598
Investment Properties	13	<u>30,414,576</u>	<u>28,692,997</u>
		31,653,217	30,262,595
Current assets			
Stocks	14	1,000	1,000
Debtors	15	16,613,628	12,086,588
Cash at bank and in hand		<u>1,606,896</u>	<u>291,150</u>
		18,221,524	12,378,738
Creditors: Amounts falling due within one year	16	<u>(6,460,334)</u>	<u>(5,432,122)</u>
Net current assets/(liabilities)		<u>11,761,190</u>	<u>6,946,616</u>
Total assets less current liabilities		43,414,407	37,209,211
Creditors: Amounts falling due after more than one year	17	(26,941,734)	(26,708,386)
Provisions	19	<u>-</u>	<u>-</u>
Total net assets		<u>16,472,673</u>	<u>10,500,825</u>
Funds of the Charity:			
Unrestricted income funds			
Unrestricted income and expenditure fund		<u>16,472,673</u>	<u>10,500,825</u>
Total funds	22	<u>16,472,673</u>	<u>10,500,825</u>

The financial statements on pages 17 to 39 were approved by the trustees, and authorised for issue on 11 February 2022 and signed on their behalf by:

 SIGNED SECURELY
11/02/2022 at 2:06:26 PM UTC

.....
Mr Aneeq Qureshi
Trustee

The notes on pages 20 to 39 form an integral part of these financial statements.

My Space Housing Solutions

Statement of Cash Flows for the Year Ended 31 October 2020

	Note	2020 £	2019 £
Cash flows from operating activities			
Net cash income		5,971,848	5,478,868
Adjustments to cash flows from non-cash items			
Depreciation	4	1,366,724	1,285,475
Interest payable		1,471,301	1,214,670
Unrealised gains on investment assets		(1,721,581)	-
		7,088,292	7,979,013
Working capital adjustments			
Increase in debtors	15	(4,527,039)	(8,309,112)
(Decrease)\Increase in creditors	16	1,847,707	2,056,442
(Decrease)\Increase in deferred income	16	-	(145,976)
Net cash flows from operating activities		4,408,960	1,580,367
Cash flows from investing activities			
Purchase of tangible fixed assets	12	(1,035,768)	(1,402,289)
Purchase of investment properties	13	-	(1,880,000)
Net cash flows from investing activities		(1,035,768)	(3,282,289)
Cash flows from financing activities			
Interest payable and similar charges		(1,471,301)	(1,214,670)
Repayment of capital element of finance leases	16	(586,145)	(586,145)
New finance leases		-	1,880,000
Net cash flows from financing activities		(2,057,446)	79,185
Net (decrease)\increase in cash and cash equivalents		1,315,746	(1,622,737)
Cash and cash equivalents at 1 November		291,150	1,913,887
Cash and cash equivalents at 31 October	23	1,606,896	291,150

All of the cash flows are derived from continuing operations during the above two periods.

The notes on pages 20 to 39 form an integral part of these financial statements.

My Space Housing Solutions

Notes to the Financial Statements for the Year Ended 31 October 2020

1 Legal Status

Registered under the Companies Act 2006

My Space Housing Solutions is registered under the Companies Act 2006 (company registration number 08257055) and was incorporated in England & Wales. The company is a registered provider of social housing with Homes England (formerly the Homes and Communities Agency) as well as being a registered charity under the Charities Act 2011

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

The financial statements have been prepared in accordance UK Generally Accepted Accounting Practice (UK GAAP) including: Financial Reporting Standard 102 (FRS 102); the Housing SORP 2018: Statement of Recommended Practice for Registered Social Housing Providers; and comply with the Accounting Direction for Private Registered Providers of Social Housing 2015, and the Companies Act 2006.

FRS102 section 6.3A, which states that 'Property held primarily for social benefits. E.g., social housing held by a public benefit entity, shall not be classified as investment property', has not been applied. This is on the basis that the Housing SORP 2018 states in section 8.7 that 'Properties (or a class of properties within the category of housing properties) that are held to earn commercial rentals or for capital appreciation, or both, must be treated as investment properties and accounted for in accordance with Section 16 of FRS 102'.

The enhanced housing benefit on the vulnerable adult tenant group of My Space Housing Solutions is akin to a commercial rent and the properties are held on long terms leases with the objective of capital appreciation where an option to purchase is granted in the lease.

Basis of preparation

My Space Housing Solutions meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

The financial statements are presented in Sterling (£).

Going concern

The Charity's business activities, its current financial position and factors likely to affect its future development are set out within the Strategic Report. The Charity has in place long-term debt facilities which provide adequate resources to finance committed reinvestment and development programmes, along with the group's day to day operations. The Board is satisfied that the business plan has sufficient funding and is sufficiently robust to ensure that there will be no financial covenant breaches in the next 18 months. Therefore, our Board has a reasonable expectation that we have adequate resources to continue in operational existence for the foreseeable future, being a period of at least twelve months after the date on which the report and financial statements are signed. For this reason, we continue to adopt the going concern basis in the financial statements.

My Space Housing Solutions

Notes to the Financial Statements for the Year Ended 31 October 2020

2 Accounting policies (continued)

Changes in circumstances

Subsequent Events - COVID-19 Pandemic

Since 31 December 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to try and stabilise economic conditions.

As a provider of accommodation for vulnerable adults, our business has if anything seen an increase in demand for our services, particularly with the UK government led drive to get all of the homeless people off the streets during the pandemic.

However, to comply with the social distancing rules introduced by the UK government, the directors have introduced working from home for the majority of its work force.

The directors have concluded that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended 31 October 2020 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Company for future periods.

Judgements

The following are the significant management judgements made in applying the accounting policies of the Charity that have the most significant effect on the financial statements.

Supporting people management judgement is applied in determining the extent to which the risks and benefits are transferred to the association when considering the Income to be recognised. £Nil (2019: £Nil) of supporting people income was recognised in the year.

What constitutes a cash generating unit when indicators of impairment require there to be an impairment review.

Key sources of estimation uncertainty

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment and changes to decent homes standards which may require more frequent replacement of key components. Accumulated depreciation at 31 October 2020 was £3,984,049 (2019 - £2,617,324). The carrying amount of tangible fixed assets at net book value is £1,238,641 (2019 - £1,569,598).

Dilapidations

Management reviews its estimate of the useful lives of depreciable assets in properties for which it has a long full repairing lease at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to estimating the life of the asset, the wear and tear and changes in fire, health and safety requirements in communal areas and guarantees from developers to meet the dilapidations and maintenance costs. The carrying amount is £Nil (2019 - £Nil).

Impairment of Debtors

The Charity makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors, the status of any tribunals and historical experience. The carrying amount is £14,340,831 (2019 - £12,086,588).

Fair Value Review of Investment Properties

Investment properties being acquired under finance leases are recorded at the lower of fair value and the net present value of the future lease obligations on initial recognition. They are subsequently reviewed annually by external valuers (see note 13) using current market prices for comparable real estate. The carrying amount of properties at fair value is £30,414,577 (2019: £28,692,997) and the cumulative increase in fair value is £3,439,550 (2019: £1,717,970).

My Space Housing Solutions

Notes to the Financial Statements for the Year Ended 31 October 2020

2 Accounting policies (continued)

Income and endowments

All income is recognised once the Charity has entitlement to the income, it is probable that the income will be received and the amount of the income receivable can be measured reliably. Turnover represents housing benefits receivable together with other related income. Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting, net of any voids. Income is recognised weekly as the tenancy occupation is completed.

Donations and legacies

Unrestricted donations are recognised as unrestricted income when received or receivable. They will contribute to the annual accounting surplus that is credited to the Charity's unrestricted reserves at the year end.

When donations are received with restrictions individual restricted funds are set up and restricted income is recognised when donations to that fund are received or receivable. Any unspent balance that has not been applied to the specified purpose by the year end will be retained in a specific restricted reserve for that fund.

Where a donation has performance related conditions (a condition that requires the performance of a particular level of service or units of output to be delivered, with payment of, or entitlement to, the resources conditional on that performance) income will only be recognized when the funds have been applied to the specified purpose by the year end. Otherwise the fund will be prepaid as deferred income. No annual accounting surplus will arise as income will always be recognised to match actual expenditure incurred.

Any unspent balance on a restricted donation will remain immediately available to apply to the specified purpose in the following year.

Grants receivable

Grants received from non-government sources are recognised using the performance model. A grant which does not impose specified future performance conditions is recognised as revenue when the grant proceeds are received or receivable. A grant that imposes specified future performance-related conditions on the association is recognised only when these conditions are met. A grant received before the revenue recognition criteria are satisfied is recognised as a liability.

Deferred income

Deferred income represents amounts received for future periods and is released to incoming resources in the period for which, it has been received. 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 Charity has unconditional entitlement; or
- The income is time based and needs to be allocated to the periods in which it is earned.

Other trading activities

Charges for support services funded under Supporting People are recognised as they fall due under the contractual arrangements with Administering Authorities.

Expenditure

All expenditure is recognised once there is a legal or constructive obligation to that expenditure, it is probable settlement is required and the amount can be measured reliably. All costs are allocated to the applicable expenditure heading that aggregate similar costs to that category. Where costs cannot be directly attributed to particular headings, they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs. All resources expended are inclusive of irrecoverable VAT.

My Space Housing Solutions

Notes to the Financial Statements for the Year Ended 31 October 2020

2 Accounting policies (continued)

Raising funds

These are costs incurred in attracting voluntary income, the management of investments and those incurred in trading activities that raise funds.

Charitable activities

Operating costs comprises those costs incurred by the Charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Grant provisions

Provisions for grants are made when the intention to make a grant has been communicated to the recipient but there is uncertainty about either the timing of the grant or the amount of grant payable.

Governance costs

These include the costs attributable to the Charity's compliance with constitutional and statutory requirements, including audit, strategic management and Trustee's meetings and reimbursed expenses.

Irrecoverable VAT

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

Taxation

The Charity is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Tangible fixed assets

Individual fixed assets costing £500 or more are initially recorded at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Depreciation and amortisation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life. Depreciation is provided from the month of acquisition on a pro-rata time basis as follows:

Asset class	Depreciation method and rate
Tenants Furniture, Fixtures and Fittings	50% Straight Line basis
Office Furniture and Equipment	20% Straight Line basis
IT Equipment	33% Straight Line basis
Leasehold Improvements	Over the period of the lease Straight Line basis

My Space Housing Solutions

Notes to the Financial Statements for the Year Ended 31 October 2020

2 Accounting policies (continued)

Investment properties

Investment properties are recorded in the accounting records at the lower of fair value and the net present value of the future lease obligations, where a property is being acquired under a finance lease. Fair value is derived from the current market prices for comparable real estate determined annually by an external valuer. The valuer uses observable market prices, adjusted if necessary for any difference in the nature, location or condition of the specific asset.

Fair value is reviewed annually by an external valuer and any changes in fair value are recognised in profit or loss.

Stock

Stock is valued at the lower of cost and estimated selling price less costs to complete and sell, after due regard for obsolete and slow-moving stocks. Cost is determined using the first-in, first-out (FIFO).

Trade debtors

Trade debtors are amounts due from local authorities for Enhanced Housing Benefits on behalf of Tenants for periods of occupancy on properties rented on their behalf in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the Charity will not be able to collect all amounts due according to the original terms of the receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the Charity does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Statement of Comprehensive Income over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the Charity has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

My Space Housing Solutions

Notes to the Financial Statements for the Year Ended 31 October 2020

2 Accounting policies (continued)

Provisions

Provisions are recognised when the Charity has an obligation at the reporting date as a result of a past event, it is probable that the Charity will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The Charity recognises a provision for annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use within the next 12 months. The provision is measured at the salary cost payable for the period of absence.

Fund structure

Unrestricted income funds are general funds that are available for use at the trustee's discretion in furtherance of the objectives of the Charity. It is the trustees' objective to hold a minimum value of three months expenditure in unrestricted income fund.

Restricted income funds are those donated for use in a particular area or for specific purposes, the use of which is restricted to that area or purpose.

Hire purchase and finance leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rentals payable under operating leases are charged in the Statement of Comprehensive Income on a straight-line basis over the lease term.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. Assets held under finance leases are capitalised in the balance sheet as tangible fixed assets and are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The capital elements of future obligations under the leases are included as liabilities in the balance sheet. Lease payments are charged to the Statement of Comprehensive Income and are apportioned between finance costs and the reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

The interest element of the rental obligation is charged to the Statement of Comprehensive Income over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Pensions and other post retirement obligations

The Charity operates a defined contribution pension scheme which is a pension plan under which fixed contributions are paid into a pension fund and the Charity has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised in the Statement of Comprehensive Income when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Financial instruments

Classification

Financial assets and financial liabilities are recognised when the charity becomes a party to the contractual provisions of the instrument. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Charity after deducting all of its liabilities.

My Space Housing Solutions

Notes to the Financial Statements for the Year Ended 31 October 2020

2 Accounting policies (continued)

Recognition and measurement

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through the Statement of Comprehensive Income, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Charity intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Charity transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Charity, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Debt instruments

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

- (a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.
- (b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.
- (c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).
- (d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.
- (e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.
- (f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Other debt instruments not meeting these conditions are measured at fair value through the Statement of Comprehensive Income.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

My Space Housing Solutions

Notes to the Financial Statements for the Year Ended 31 October 2020

3 Particulars of turnover

	2020		2019	
	Unrestricted funds £	Total £	Unrestricted funds £	Total £
Social housing lettings for vulnerable adults	20,197,720	20,197,720	17,541,838	17,541,838
Other Social Housing Activities:				
Managing and processing claims for vulnerable adults for a non- registered health and social care CIC company	3,812	3,812	68,388	68,388
Other	-	-	3,025	3,025
	<u>20,201,532</u>	<u>20,201,532</u>	<u>17,613,251</u>	<u>17,613,251</u>
Activities Other Than Social Housing:				
Support Income	6,042,000	6,042,000	8,343,483	8,343,483
Commercial rentals	13,997	13,997	8,619	8,619
Other	139,868	139,868	126,401	126,401
	<u>6,195,865</u>	<u>6,195,865</u>	<u>8,478,503</u>	<u>8,478,503</u>
	<u>26,397,397</u>	<u>26,397,397</u>	<u>26,091,754</u>	<u>26,091,754</u>

Support income are donations to the Charity that are solely utilised for the provision of care, support and supervision services that are provided to the vulnerable adults who require the accommodation and the services provided by My Space Housing Solutions. Support income includes donations which represent non-contractual contributions by developers and leaseholders. In line with The Housing Benefit Regulations (2006), the Charity does not recharge the cost of care, support and supervision to local authorities on its rent model and the cost of all care, support and supervision services provided by the Charity are entirely funded through voluntary donations.

Commercial rents only arise on properties taken over, that consist of a number of apartments with existing tenants on commercial rents. As those leases come to a natural end, tenants are replaced with vulnerable adults requiring accommodation and the services of My Space Housing Solutions. The Charity therefore does not allocate costs between Social Housing lettings for vulnerable adults, Other Social Housing Activities and Commercial rents as any such allocation would be a temporary and arbitrary allocation.

My Space Housing Solutions

Notes to the Financial Statements for the Year Ended 31 October 2020

4 Particulars of Cost of Sales and Operating Costs

		2020		2019	
	Note	Unrestricted funds £	Total £	Unrestricted funds £	Total £
Cost of Sales:					
Housing Costs		633,124		213,812	
Wages and salaries		3,300,987		2,945,837	
Social security		269,463		247,698	
Employers pension contributions		49,682		42,318	
Sub-contract costs		635,380		336,343	
Sundry Expenses		71,830		53,217	
Rents		10,396,661		10,704,602	
Council Tax		427,583		434,962	
Repairs and Maintenance		274,807		520,511	
Total Cost of Sales		16,059,517	16,059,517	15,499,300	15,499,300
Operating Costs:					
Employment costs		1,424,747		1,163,624	
Termination payments		-		34,780	
Office Costs		998,605		793,267	
Hire of assets		149,429		109,396	
Motor and travel expenses		283,493		232,044	
Advertising and sundry expenses		8,846		14,204	
Legal & professional		203,145		110,856	
Accountancy		3,053		716	
Auditors' remuneration		28,800		37,518	
Auditors' other fees		21,180		25,985	
Doubtful debts provision		-		3,750	
Charitable Donations		310		-	
Bank and invoice discounting charges		127,980		87,301	
Depreciation		1,366,724		1,285,475	
Total operating costs		4,616,312	4,616,313	3,898,916	3,898,916
Total Expenditure		20,675,829	20,675,829	19,398,216	19,398,216
Void Losses		25,112	25,112	16,020	16,020

All costs relate to social housing lettings and no further analysis is therefore provided.

My Space Housing Solutions

Notes to the Financial Statements for the Year Ended 31 October 2020

5 Accommodation in management

	2020 No Of Properties	2019 No Of Properties
Social Housing:		
Social Housing Lettings for Vulnerable Adults	1,485	1,131
Accommodation Managed for Others	0	33
Total Social Housing Managed	<u>1,485</u>	<u>1,164</u>
Non-Social Housing:		
Commercial Rentals	0	0
Total Non-Social Housing Managed	<u>0</u>	<u>0</u>

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6 Operating Surplus

Net incoming resources for the year include:

	2020 £	2019 £
Operating leases - plant and machinery	149,429	109,396
Operating leases - other assets	10,396,661	10,704,602
Audit fees	28,800	37,518
Other non-audit services	21,180	25,985
Depreciation of fixed assets	1,366,724	1,285,475
Finance charges payable	127,980	87,301

7 Interest and financing costs

	2020 £	2019 £
Bank overdraft interest	84	413
PAYE/NI Interest	48,742	26,131
Factoring discount charges	88,196	51,138
Finance lease interest	<u>1,334,279</u>	<u>1,136,988</u>
	<u>1,471,301</u>	<u>1,214,670</u>

My Space Housing Solutions

Notes to the Financial Statements for the Year Ended 31 October 2020

8 Trustees remuneration and expenses

During the year the Charity made the following transactions with trustees:

Mr Andrew Goodson

Mr Andrew Goodson received remuneration of £17,641 (2019: £69,750) and £340 (2019: £81) of expenses were reimbursed to Mr Andrew Goodson during the year related to travel to meetings and reimbursement for office costs. Remuneration was for acting as Chief Executive Officer until 13 December 2019 when he resigned.

Mr Andrew Goodson was a member of the Charity's Work Place Pension Scheme with Nest. Employer contributions in the year £278 (2019: £1,104).

At the balance sheet date the amount due to Mr Andrew Goodson was £Nil (2019: £Nil).

Mr Carl McCready

Mr Carl McCready received remuneration of £Nil (2019: £1,750) for attending board meetings and £Nil (2019: £Nil) of expenses were reimbursed to Mr Carl McCready during the year.

At the balance sheet date the amount due to Mr Carl McCready was £Nil (2019: £Nil).

Mr Barry Campbell

Mr Barry Campbell received remuneration of £Nil (2019: £1,750) for attending board meetings and £Nil (2019: £Nil) of expenses were reimbursed to Mr Barry Campbell during the year.

At the balance sheet date the amount due to Mr Barry Campbell was £Nil (2019: £Nil).

Mrs Denize Alston

Mrs Denize Alston received remuneration of £Nil (2019: £2,850) during the year. Of this fees for attending board meeting were £Nil (2019: £2,850) and consultancy services £Nil (2019: £Nil).

At the balance sheet date the amount due to Mrs Denize Alston was £Nil (2019: £1,100).

Mr Peter Lynch

Mr Peter Lynch received remuneration of £64,125 (2019: £64,950) and £4,525 (2019: £1,301) of expenses were reimbursed to Mr Peter Lynch related to travel to meetings and reimbursement for office costs during the year. Remuneration was in respect of acting as Strategic Director of the Charity.

Email authorisation from the Charities Commission for remuneration as Strategic Director whilst also serving as a Trustee.

Member of the Charity's Work Place Pension Scheme with Nest. Employer contributions in the year £1,314 (2019: £1,104).

At the balance sheet date the amount due to Mr Peter Lynch was £Nil (2019: £106).

Was appointed interim Chair of the Board of Trustees on 24 August 2020

My Space Housing Solutions

Notes to the Financial Statements for the Year Ended 31 October 2020

8 Trustees remuneration and expenses (continued)

Mr Aneeq Qureshi

Mr Aneeq Qureshi received remuneration of £60,000 (2019: £50,000) and £Nil (2019: £3,947) of expenses were reimbursed to Mr Aneeq Qureshi during the year related to travel to meetings and reimbursement for office costs. Remuneration was in respect of acting as Chief Financial Officer of the Charity.

Email authorisation from the Charities Commission for remuneration as Chief Financial Officer whilst also serving as a Trustee.

Member of the Charity's Work Place Pension Scheme with Nest. Employer contributions in the year £237 (2019: £26).

At the balance sheet date the amount due from Mr Aneeq Qureshi was £Nil (2019: £Nil).

Mr John Manning

Was appointed a trustee and Chair of the Board of Trustees on 24 October 2019. From 24 August 2020 was appointed as interim Chief Executive Officer.

Mr John Manning received remuneration of £16,619 (2019: £Nil) during the year for his role of interim Chief Executive Officer and £Nil (2019: £Nil) of expenses were reimbursed during the year.

Member of the Charity's Work Place Pension Scheme with Nest. Employer contributions in the year £217 (2019: £Nil).

Trustee Donations

Donations made by the trustees without any conditions attached totalled £Nil for the year (2019 - £Nil).

My Space Housing Solutions

Notes to the Financial Statements for the Year Ended 31 October 2020

9 Staff costs

The aggregate payroll costs were as follows:

	2020 £	2019 £
Staff costs during the year were:		
Wages and salaries	4,498,309	3,919,161
Social security costs	378,450	342,149
Pension costs	62,522	56,153
Other staff costs	105,598	116,794
	<u>5,044,879</u>	<u>4,434,257</u>

Pensions costs includes £2,046 paid on behalf of 4 directors (2019: £2,234 on behalf of 3 directors).

The monthly average number of persons (including senior management team) employed by the Charity during the year expressed as full-time equivalents was as follows:

	2020 No	2019 No
Housing	151	115
Maintenance	17	16
Finance and Administration	19	18
Management and directors	33	25
	<u>220</u>	<u>174</u>

Under the Pensions Act 2008 the Charity operates a Work Place Pension Scheme for all eligible employees in accordance with the auto enrolment regulations.

The total employee benefits of the key management personnel of the Charity were £160,432 (2019 - £278,749).

The Director, as the highest paid member of staff, received benefits totalling £65,439 including pension contributions of £1,314 (2019 - £70,853 including pension contributions of £1,104).

The full-time equivalent number of staff whose remuneration payable fell within each band of £10,000 from £60,000 upwards are as follows:

	2020 No	2019 No
£60,000 to £70,000	2	1
£70,001 to £80,000	0	2

10 Auditors' remuneration

	2020 £	2019 £
Audit of the financial statements	<u>28,800</u>	<u>37,518</u>
Other fees to auditors		
Audit-related assurance services	20,400	25,415
All other non-audit services	780	570
	<u>21,180</u>	<u>25,985</u>

The company has agreed a limitation of liability with Prospero Accounting Ltd in respect of the audit work performed of £180,000. The liability is limited to losses, damages, costs and expenses caused by their negligence or wilful default.

My Space Housing Solutions

Notes to the Financial Statements for the Year Ended 31 October 2020

10 Auditors' remuneration (continued)

However, to the fullest extent permitted by law, Prospero Accounting Ltd will not be responsible for any losses, penalties, surcharges, interest or additional tax liabilities where My Space Housing Solutions or others supply incorrect or incomplete information, or fail to supply any appropriate information, or where they fail to act on Prospero Accounting Ltd.'s advice or respond promptly to communications from them or the tax authorities.

Prospero Accounting Ltd will also not be liable to My Space Housing Solutions for any delay or failure to perform their obligations, if the delay or failure is caused by circumstances outside their reasonable control.

The limit in respect of Prospero Accounting Ltd.'s total aggregate liability will not apply to any acts, omissions or representations that are in any way criminal, dishonest or fraudulent on the part of the firm, its directors or employees.

The limitation of liability was agreed by the Board of Directors of My Space Housing Solutions on 5th June 2019.

11 Taxation

The Charity is a registered charity and is therefore exempt from taxation.

12 Tangible fixed assets

	Landing and buildings £	Tenants' fixtures and fittings £	Office IT equipment £	Office furniture and fittings £	Total £
Cost					
At 1 November 2019	242,514	3,858,234	68,982	17,192	4,186,922
Additions	84,295	947,485	2,085	1,903	1,035,768
At 31 October 2020	326,809	4,805,719	71,067	19,095	5,222,690
Depreciation					
At 1 November 2019	32,920	2,513,015	60,909	10,480	2,617,324
Charge for the year	17,625	1,337,680	7,746	3,674	1,366,725
At 31 October 2020	50,545	3,850,695	68,655	14,154	3,984,049
Net book value					
At 31 October 2020	276,264	955,024	2,412	4,941	1,238,641
At 31 October 2019	209,594	1,345,219	8,073	6,712	1,569,598

Included within the net book value of land and buildings above is £Nil (2019 - £Nil) in respect of freehold land and buildings and £276,264 (2019 - £209,594) in respect of leaseholds.

Assets held under finance leases and hire purchase contracts

The net carrying amount of tangible assets includes the following amounts in respect of assets held under finance leases and hire purchase contracts:

	2020 £	2019 £
Investment Properties	30,414,576	28,692,997

My Space Housing Solutions
Notes to the Financial Statements for the Year Ended 31 October 2020

13 Fixed asset investment properties

	2020 £	2019 £
Investment properties at fair value	<u>30,414,577</u>	<u>28,692,997</u>

Investment properties

	Investment properties £
Cost or Valuation	
At 1 November 2019	28,692,997
Revaluation	1,721,580
Additions	<u>-</u>
At 31 October 2020	<u>30,414,577</u>
Provision	
At 31 October 2020 and 2019	<u>-</u>
Net book value	
At 31 October 2020	<u>30,414,577</u>
At 31 October 2019	<u>28,692,997</u>

Investment properties were originally recorded at the lower of fair value and the net present value of the future lease obligations, where a property is being acquired under a finance lease. The original values as at 31 October 2020 were £26,975,027 (2019: £26,975,027).

Investment properties represent communal developments being acquired under finance leases. The leases brought forward as at 1 November 2019 are a mix of leases for 40 years terms with an option to extend the lease for a further 20 years and then an option to purchase for £1; and leases for initial 20-year terms with further 20-year reversionary leases and an option to purchase for £1.

The properties were initially valued on the lower of the purchase price paid by the leaseholder as representative of fair value and the present value of the minimum lease payments over the whole term of the full lease, on the basis that the lease extensions are likely to be exercised.

Each of the apartments in the communal properties is let to vulnerable adults on a National Landlords Association Assured Short hold Tenancy Agreement for a furnished dwelling. Rent is paid by Enhanced Housing Benefit Allowance as the vulnerable adults have exempt status. The rents are therefore akin to commercial rents and the properties are also held for long term capital appreciation.

My Space Housing Solutions

Notes to the Financial Statements for the Year Ended 31 October 2020

13 Fixed asset investments (continued)

The properties brought forward as at 1 November 2019 have been reviewed for fair value by an independent Chartered Surveyor specialising in the UK Supported Housing sector. These properties have their own identity in the RICS Red Book. They are Supported Living Properties and their value is not the same as Vacant Possession on the open market. The buyer of such a property is likely to be those same institutional funds who have contributed to the security of the same value. The consistent yield value to be used on valuation in the market at this time is 3.0%. This has been a consistent rate for a number of years.

In respect of each of the buildings, the Charity is responsible under the terms of respective leases for:

1. repainting all parts of the outside of the building in every third year of the term of the lease;
2. decorating the inside of the Premises in every fifth year of the term of the lease;
3. decorating the inside and outside of the Premises during the year immediately preceding the termination of the term of the lease but in the case of the outside not so that the Charity is required to decorate more than once in any 18-month period;
4. keeping the Premises in good and substantial repair and condition and clean and tidy and in good decorative order;
5. replacing any of the Landlord's fixtures and fittings which need replacing with new ones of similar quality;
6. keeping all plant, machinery and equipment in the Premises properly maintained and in good working order, replacing or renewing it as necessary;
7. keeping the garden paths and yards forming part of the Premises in a clean and tidy condition and free from noxious weeds;
8. paying a fair and proper proportion of the cost of cleaning, lighting, repairing and renewing any conducting media, structures, walls, fences, roads, paths, works, services or facilities used in common by the Premises and any adjoining premises or by the occupiers of them including any "party structures", "party walls" and "party fence walls" within the meaning of the Party Wall Act 1996;
9. at the end of the term of the lease at the request of the Landlord to remove from the building all tenant's fixtures and fittings including any Satellite Equipment installed and make good to the reasonable satisfaction of the Landlord all damage caused by such removal; and,
10. at the end of the term of the lease to yield up to the Landlord the Premises in such state and condition as is consistent with the observance by the Charity of the obligations on its part contained in the terms of the Lease free from all environmental claims and liabilities with vacant possession and all Landlord's fixtures and fittings therein in such condition.

14 Stock

	2020 £	2019 £
Stocks	1,000	1,000

My Space Housing Solutions

Notes to the Financial Statements for the Year Ended 31 October 2020

15 Debtors

	2020 £	2019 £
Trade debtors	10,511,044	4,989,388
Prepayments	403,421	275,278
Other debtors	<u>5,429,417</u>	<u>6,821,922</u>
	<u>16,613,628</u>	<u>12,086,588</u>

Other debtors include property deposits of £269,746 (2019: £285,617) paid on behalf of tenants when they sign their tenancy agreement. Tenancy agreements are initially for 6 months and thereafter on a rolling month by month basis. As the length of a tenancy is not possible to predict, all property bonds are disclosed as due within 1 year.

Costs for future property developments are recoverable from the developers under a Service Level Agreement. The amount recoverable as at 31 October 2020 is £Nil (2019: £Nil)

Included in trade debtors is an amount of £8,667,379 which has been outstanding for more than a year since the balance sheet date. This is a result of various local authorities having queried the basis of the Housing Benefit charges and the matter proceeding to Tribunals, which can take in excess of a year to be resolved.

Included in Other debtors is an amount of £3,909,417 (2019: £3,034,381) payable in greater than 1 year from the balance sheet date.

16 Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	3,093,589	1,313,224
Other loans	1,850	1,850
Hire purchase and finance leases	586,145	586,145
Other taxation and social security	912,778	282,383
Other creditors	1,570,945	1,368,638
Accruals	295,027	1,879,882
Deferred income	<u>-</u>	<u>-</u>
	<u>6,460,334</u>	<u>5,432,122</u>

Any rent-free periods are capitalised as accruals and amortised over the period of the initial lease in accordance with FRS 102. The balance of rent-free periods included within accruals due within one year and greater than one year is in total £2,019,689 (2019: £1,153,163).

Outstanding defined contribution pension costs at 31 October 2020 were £25,964 (2019: £20,724).

Creditors due within one year include the following liabilities, on which security has been given by the Charity:

	2020 £	2019 £
Time Invoice Finance Ltd (formerly Positive Cash Flow Finance Ltd)	<u>1,542,275</u>	<u>1,347,680</u>

The Charity granted a fixed and floating debenture charge dated 22 February 2017 over all the undertaking, goodwill, property, assets and rights of the Charity to Positive Cashflow Finance Limited for an invoice discounting facility for the Charity's trade debtors.

My Space Housing Solutions

Notes to the Financial Statements for the Year Ended 31 October 2020

17 Creditors: amounts falling due after one year

	2020 £	2019 £
Hire purchase and finance leases	25,024,964	25,611,109
Accruals	<u>1,916,771</u>	<u>1,097,277</u>
	<u>26,941,735</u>	<u>26,708,386</u>

Accruals represents rent free periods over long term leases amortised over the period of the lease in accordance with FRS 102, due as follows:

	2020 £	2019 £
Within one year	102,918	55,886
In two to five years	412,984	223,543
In over five years	<u>1,503,787</u>	<u>873,734</u>
	<u>2,019,689</u>	<u>1,153,163</u>

18 Obligations under leases and hire purchase contracts

The total value of future minimum lease payments was as follows:

	2020 £	2019 £
Within one year	586,145	586,145
In two to five years	2,344,578	2,344,580
In over five years	<u>22,680,386</u>	<u>23,266,529</u>
	25,611,109	26,197,254
Add finance charges allocated to future periods	<u>93,811,401</u>	<u>103,836,565</u>
	<u>119,422,510</u>	<u>130,033,819</u>

The total value of future minimum lease payments represents the value of the rent amounts due under the respective property leases. Each lease contains provision for an annual rent review in accordance with increases in the United Kingdom General Index of Consumer Prices published by the Office for National Statistics or any equivalent or comparable index which in the Landlord's reasonable opinion replaces the Index from time to time. In calculating the future minimum lease payments, the Charity has assumed that the Index will increase by 0.90% (2019: 1.5%) per annum based on the index as at 31 October 2020.

Assets held under finance leases

Community Property Developments

Six properties held from the year to 31 October 2017 under 40-year full repairing lease with a 20-year option to extend the lease. On exercising the lease extension, the charity has the option to purchase the properties at the end of the 60-year lease for £1. The apartments within each development are let to vulnerable adults.

Nineteen properties acquired from the year to 31 October 2018 under 20-year full repairing leases, with a further 20-year reversionary lease with an option to purchase for £1 at the end of the initial lease. The apartments within each development are let to vulnerable adults.

One property acquired in the year to 31 October 2019 under 40-year full repairing lease with a 20-year option to extend the lease. On exercising the lease extension, the charity has the option to purchase the properties at the end of the 60-year lease for £1. The apartments within each development are let to vulnerable adults.

My Space Housing Solutions

Notes to the Financial Statements for the Year Ended 31 October 2020

18 Obligations under leases and hire purchase contracts (continued)

Operating lease commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2020 £	2019 £
Land and buildings		
Within one year	-	255,158
Between one and five years	356,132	142,207
After five years	<u>138,331,446</u>	<u>144,210,323</u>
	<u>138,687,578</u>	<u>144,607,688</u>
Other		
Within one year	29,317	12,653
Between one and five years	<u>130</u>	<u>72,110</u>
	<u>29,447</u>	<u>84,763</u>

The total value of future minimum lease payments represents the value of the rent amounts due under the respective property leases. Each lease contains provision for an annual rent review in accordance with increases in the United Kingdom General Index of Consumer Prices published by the Office for National Statistics or any equivalent or comparable index which in the Landlord's reasonable opinion replaces the Index from time to time. In calculating the future minimum lease payments, the Charity has assumed that the Index will increase by 0.90% (2019: 1.5%) per annum based on the index as at 31 October 2020.

The operating lease commitments for land and buildings in excess of five years represent long leases of up to 25 years on communal developments for the Charity's client base of vulnerable adults. The operating lease commitments are more than matched by the anticipated income from social housing lettings from the vulnerable adults occupying the communal developments and will generate future surpluses.

19 Provisions

	Dilapidations £	Total £
At 1 November 2019	-	-
Provision for the year	<u>-</u>	<u>-</u>
At 31 October 2020	<u>-</u>	<u>-</u>

Provision is made for dilapidations on apartment blocks where the Charity has a full repairing lease. Provision is made for decorations internal and external and replacement of fixtures based on the condition of the properties at the balance sheet date, to the extent that they are not covered by 'Insured Risk's' in the building insurance policies and Latent Defects insurance policies for the respective properties or guarantees from its property developers. The Charity includes an element of Sinking Fund for repairs and maintenance in its rent model and maintains all properties it rents to a high on going standard. Provision is only made where the anticipated cost is not covered by support income under its Service Level Agreements with developers.

20 Pension and other schemes

Defined contribution pension scheme

The Charity operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Charity to the scheme and amounted to £72,409 (2019 - £56,153).

My Space Housing Solutions

Notes to the Financial Statements for the Year Ended 31 October 2020

21 Charity status

The Charity is a Charity limited by guarantee and consequently does not have share capital. Each of the trustees is liable to contribute an amount not exceeding £50 towards the assets of the Charity in the event of liquidation.

22 Analysis of Funds

	Balance at 1 November 2019 £	Incoming resources £	Resources expended £	Other recognised gains/(losses) £	Balance at 31 October 2020 £
Unrestricted funds					
Unrestricted general funds	(10,500,825)	(26,397,397)	22,147,130	(1,721,581)	(16,472,673)

	Balance at 1 November 2018 £	Incoming resources £	Resources expended £	Other recognised gains/(losses) £	Balance at 31 October 2019 £
Unrestricted funds					
Unrestricted general funds	(5,021,957)	(26,091,754)	20,612,886	-	(10,500,825)

23 Reconciliation of net debt

	At 1 November 2019 £	Cash flow £	Other non-cash changes £	At 31 October 2020 £
Cash at bank and in hand	291,150	1,315,746	-	1,606,896
Finance leases and hire purchase contracts	(26,197,254)	586,145	-	(25,611,109)
Net debt	(25,906,104)	1,901,891	-	(24,004,213)

24 Related party transactions

Aneeq Qureshi was reimbursed £31,661 during the year due to the Charity utilising his personal bank card to incur expenditure related to operational activities. This related purely to a banking issue where the Charity's Corporate Card System was not operational for a period of six weeks. Critical spend was necessary to be made and related to the furniture supply for vulnerable tenants and the Board approved the use of this card for the duration of the time taken to resolve the issues with the Corporate Card System. To manage any conflicts of interest and to prevent any personal benefits being received by Mr. Qureshi from the use of this card, independent reconciliations of the spend were undertaken by the Finance Manager and approved by the Board of Trustees prior to the reimbursement of this spend to Mr. Qureshi. The Finance Manager was able to confirm that this payment card did not incur any reward points such as air miles or any other personal benefits to Mr. Qureshi and these transactions were made in line with the Charity's official Finance Manual (2019). No interest charges were incurred by Mr. Qureshi due to these transactions and therefore none were recharged to the Charity for reimbursement. The Board of Trustees are grateful to Mr. Qureshi for providing the use of this card, which allowed the emergency accommodation of vulnerable adults during a period of intense national lockdowns.

25 Capital Commitments

Prior year adjustment to nil (2019: £4,485,437) to capital commitments due to change of lease structure post year end prior to completion. No additional capital commitments for the financial year.