

Leeds Jewish Housing Association Limited

Report and Financial Statements

Year ended 31 March 2018

Registered by the Financial Conduct Authority under the Co-operative and Community Benefit Societies Act 2014, Registration No 14424R.

Registered by the Regulator of Social Housing under Reference No L0440

Leeds Jewish Housing Association Limited

CONTENTS

	Page
Board Members, Executive Officers, Advisors and Bankers	1
Report of the Board of Management	2
Independent Auditors' Report to the Members of Leeds Jewish Housing Association Limited	10
Statement of Comprehensive Income	13
Statement of Financial Position	14
Statement of Changes in Reserves	15
Statement of Cash Flows	16
Notes to the Financial Statements	17

Leeds Jewish Housing Association Limited

REPORT OF THE BOARD OF MANAGEMENT

Board of Management

Chair Kate Pearlman-Shaw

Vice Chair Jayne Wynick

Treasurer Daniel Myers

Other Members Lisa Baker
Adam Baxter
Malcolm Hirschfield
Mark Manning
Robert Sandler
Nicola Smaje-Rosenbloom (Resigned 10/11/17)
Rebecca Teiger-Marcus

Chief Executive Lee Bloomfield (Resigned 31/12/17)
Mark Grandfield (Appointed 7/5/18)

Registered Office Stonegate Way
Queenshill Avenue
Moortown
Leeds
LS17 6FD

Solicitors: Levi & Co
33 St Pauls Street
Leeds
LS1 2JJ

Auditors: Saffery Champness LLP
Mitre House
North Park Road
Harrogate
HG1 5RX

Bankers: Yorkshire Bank PLC
370 Harrogate Road
Leeds
LS17 6QA
Svenska Handelsbanken AB
4th Floor
100 Wellington Street
Leeds
LS1 4LT
Co-operative Bank PLC
Leeds Corporate Centre
Pennine House
Leeds
LS1 5RN

Leeds Jewish Housing Association Limited

REPORT OF THE BOARD OF MANAGEMENT

The Board presents its report and financial statements for the year ended 31 March 2018.

The Association

The Association is a not-for-profit organisation administered by a voluntary Board. The Association operates in Leeds.

Principal activities

The Association's principal activity is the provision of housing accommodation for the Jewish Community in Leeds. The Association also provides supported housing accommodation for Jewish persons with physical and mental health needs.

Board members and executive officers

The present Board members and the executive officers of the Association are set out on page 1.

The executive officers hold no interest in the Association's shares. The CEO is a member of the Board of Management.

Results for the year

The Association recorded a surplus for the year of £65k (2017: £98k). Turnover for the year was £2,862k (2017: £2,890k) and operating expenditure was £2,654k (2017: £2,561k). At the end of the year total reserves are £3,146k (2017: 3,081k).

Future Developments

The Association has a Business Development Strategy and an Asset Management Strategy, and a Value for Money Strategy was developed during 2016, which will be reviewed in 2018 as a result of the new Value for Money Standard published in March 2018. The Association will continue with its major investment programme over the next few years based on a new stock condition survey and by undertaking works on an elemental approach based on the older elements being replaced earlier in the programme. As a result of the government announcement in the budget in July 2015, that rents would be reduced by 1% per annum from April 2016 until 2020 the Association extended its major investment programme from 3 years to 5 years.

During the final quarter of 2017/18 work commenced on our Stonecourt scheme, this has involved the full refurbishment of the existing 13 flats and the creation of a new unit. The works were completed in the summer of 2018. Following the announcement to end the 1% rent decrease from 2020, the Association has also developed a phased four year refurbishment programme for the 40 flats located at its site at High Moor Close.

In addition to the above the Board recognises the need to increase the number of properties owned by the Association, as such it is considering its future development plans by reviewing the business plan 2015-2020 and undertaking an estate wide masterplan.

Leeds Jewish Housing Association Limited

REPORT OF THE BOARD OF MANAGEMENT

Efficiency

The Board of Management and the Chief Executive are committed to delivering an effective service to tenants and other stakeholders and have put in mechanisms to improve efficiency including:

- Reviewing internal staff structures
- Increased VFM on planned works through Joint procurement frameworks
- Improved performance information and benchmarking with Acuity,
- Tenant Service Improvement Panel with recommendations following their review of Allocations that has resulted in improved communication for applicants and greater transparency of the Allocations process. The review of general needs voids has resulted in turnaround times improving and void rent loss being reduced.
- Completion of Internal Audit schedule of HR, Financial Controls, Gas Safety, Sheltered Housing and GDPR.

Financing and treasury management

Cash flow is monitored closely and the level of cash held and generated is sufficient to meet the association's needs. The Association has sufficient funding resources as set out in note 15 to the financial statements.

Fixed assets

Fixed assets including housing properties are analysed in notes 10 and 11 to the financial statements.

Employees

The Association has continued to improve its communication and engagement with its employees through the introduction of an annual appraisal scheme and the establishment of a staff forum. All staff attended a staff away day and receive feedback on performance, key business developments and activities through regular staff meetings and managers' meetings.

Internal staffing structures have been reviewed during 2017 to ensure that the appropriate skills were recruited into the organisation and resources targeted to strengthen front line services to customers.

During the year a new Chief Executive Officer, Mark Grandfield, was also recruited and appointed following the departure of Lee Bloomfield at the end of December 2017. The Association recruited a Finance & Resources Director to support the delivery of the strategic objectives of the organisation.

Health and safety

The Board of Management are aware of its responsibilities on all matters relating to health and safety. The Association has appointed Henderson's Risk Management as its advisors on health and safety matters. The Association has appointed Arch Property Services to advise and manage regulatory health and safety matters such as asbestos management, legionella and fire safety works.

REPORT OF THE BOARD OF MANAGEMENT

Partnership arrangement with West Yorkshire Fire and Rescue Service.

An internal Health and Safety Working Group meets quarterly and is Chaired by the CEO and attended by Henderson's Risk Management. A robust Health and Safety Policy, Action Plan and Risk Assessments are in place and reviewed quarterly by the group. An internal audit undertaken during 2017 by BDO on Gas Safety resulted in a clean audit and noted a significant improvement from the last audit undertaken in 2014.

The compliance of regulatory areas of gas, electrics, water hygiene, asbestos, lifts and fire is supported by external consultants and they are regularly monitored and reported to Operations sub-committee and Board.

Following the Grenfell fire in June 2017, the Association undertook a comprehensive review of its properties and included:

- Writing to all tenants to clarify what they should do if there was a fire in their property
- Obtaining confirmation that no properties had the cladding that was installed on Grenfell Towers
- Obtaining confirmation that LJHA had no properties deemed "high rise" (over 18 metres)
- Inspecting properties with cladding (wooden not aluminium) and where required, sample cladding removed to check the cavity wall was sealed and that no combustible insulation present
- The review of all fire risk assessments in schemes with "stay put" policies
- Receiving confirmation from West Yorkshire Fire and Rescue Service (WYFRS) that the "stay put" policies were appropriate
- LJHA entered into partnership with WYFRS -This allows the association to refer tenants for home visits and fire safety assessments
- The replacement of gas ovens with no flame failure devices from tenanted properties

NHF Code of Governance

The Board is pleased to report that the Association complies with the principal recommendations of the revised NHF Code of Governance 2015. A full review of Governance was undertaken in early 2015 and a further interim review will be undertaken during 2018/19.

The Board of Management

The Board comprises of up to twelve members. The Board is responsible for the strategic direction of the Association and for managing all matters in relation to risk. The Board members are drawn from a wide background bringing together professional and commercial experience. The Board meets formally on a quarterly basis for regular business and ad hoc meetings are arranged for business planning purposes. It has two Sub-Boards, the Finance, Audit and Risk Sub Board and the Operations Sub Board.

The Board is responsible for the Association's strategy and policy framework and for managing compliance and risk. It delegates the day-to-day management and implementation to the Chief Executive and senior staff through a scheme of delegation.

REPORT OF THE BOARD OF MANAGEMENT

Internal controls assurance

The Board of Management has overall responsibility for establishing and maintaining the system of internal control and for reviewing its effectiveness. It delegates this to the Finance, Audit and Risk Sub Board under the terms of reference and scheme of delegations.

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

The Board has a Risk Strategy and Risk Register to meet the challenges faced in the housing sector. In meeting its responsibilities, the Board of Management has adopted a risk based approach to establishing and managing internal controls, which are embedded within the day-to-day management and governance processes. This approach includes regular evaluation of the nature and extent of risks to which the Association is exposed and is consistent with principles outlined in the NHF Guidance 2014 "Understanding Assurance – A guide for housing association board members".

The Finance, Audit & Risk Sub Board receives and considers reports from management throughout the year and reviews the risk register quarterly with the Board of Management reviewing twice yearly.

The Association engages BDO LLP to conduct internal audit exercises on a rolling programme across the major areas of operation – during 2017/18 this has included reviews of Human resources, Financial controls, Sheltered Housing, Gas Safety and an advisory audit on GDPR compliance.

The arrangements adopted by the Board of Management in reviewing the effectiveness of the system of internal control, together with some of the key elements of the framework include: -

a) Identifying and evaluating risks

The Association's risk management strategy, setting out the Board of Management's attitude to risk in the achievement of its objectives, underpins risk management, business planning and control arrangements. These arrangements clearly define management responsibility for the identification, evaluation and control of significant risks. The senior management regularly consider these risk areas and the Chief Executive is responsible for reporting to both Finance, Audit and Risk Sub Board and Board of Management any significant changes affecting key risks.

b) Control environment and internal control

The process to identify and manage the key risks to which the Association is exposed is an integral part of the internal control environment. Such processes are reviewed annually and when the Board of Management considers necessary.

c) Information and reporting systems

Financial reporting procedures include detailed budgets for the year ahead and forecasts for subsequent years. These are reviewed and approved by the Board of Management and monitored throughout the year by the Finance, Audit and Risk Sub Board. The Operations and Finance, Audit and Risk Sub Boards receive regular reports on key performance indicators to assess progress towards the achievement of key business objectives, targets and outcomes.

REPORT OF THE BOARD OF MANAGEMENT

The outcomes of these reviews are reported to the Board of Management at each meeting throughout the year.

d) Monitoring arrangements

Regular management reporting on control issues provides assurance to the Board of Management. It is supplemented by review of internal controls, which provides independent assurance to the Board of Management, via its internal controls.

Value for Money

The Association is committed to achieving Value for Money (VFM) and to focus on embedding good practice into the whole organisation. The Association adopted a Value for Money Strategy in 2016 which identifies the ambitions of the Association to move towards a transformational approach to VFM. VFM has been defined as the relationship between economy, efficiency and effectiveness. VFM is high when there is an optimum balance between all three – relatively low cost, high productivity and successful outcomes. VFM is about running a viable social business and looking to continually improve it. It is about doing the right things for the least cost by doing those things right the first time. In short, VFM is the driving force behind everything the association does.

VFM activities have the following objectives at all levels and functions within the organisation: -

- To embed the VFM Strategy and continuous improvement in the organisation’s culture
- To adopt further good practice in relation to VFM, reducing risk of exposure to financial and material waste
- To involve stakeholders and tenants where relevant in achieving VFM
- To consider using a range of procurement practices to achieve VFM where appropriate
- To consider the social value when awarding contracts

The Association’s VFM strategy focuses on using these objectives to achieve improvements in the following key delivery areas: -

- Major Investment works
- Procurement
- Repairs and Maintenance
- Monitoring of all service cost spend to achieve optimum VFM, efficiencies and savings

Regulator of Social Housing – Value for Money metrics

In April 2018 the Regulator of Social Housing published seven metrics to measure economy, efficiency and effectiveness on a comparable basis across the sector. Our performance is set out in the table below. As this is the first year of publication there are some metrics without peer comparisons.

VfM Metric	LJHA 2017/18	SPBM*
1 – Reinvestment % (Investment in properties as a % of total properties held)	7.2%	4.1%
2A – New supply delivered (Social housing units) (Social housing units developed as a % of social housing units owned)	0%	Not available

REPORT OF THE BOARD OF MANAGEMENT

2B – New supply delivered (non social housing units) (Non social housing units developed as a % of total housing units owned)	0%	Not available
3 – Gearing % (Loans less cash as a % of the value of housing properties)	44.5%	19.3%
4 – EBITDA MRI interest cover % (Surplus adjusted for depreciation and adding major repairs, as a % of interest payable)	160%	307%
5 – Headline social housing cost per unit (Social housing costs excluding depreciation divided by social housing units owned)	£4,615	£4,252
6A – Operating margin (social housing lettings) (Operating surplus (social housing lettings) as a % of turnover from social housing lettings)	7.3%	26.5%
6B – Operating margin overall (Operating surplus as a % of turnover)	9.0%	22.4%
7 – Return on capital employed (ROCE) % (Operating surplus as a % of total assets less current liabilities)	11.0%	3.4%

*Small Housing Providers Bench Marking Group provided by Acuity

Post balance sheet events

We consider that there have been no events since the 31 March 2018 which have had an impact on the financial position of the Association.

Going concern

The financial statements have been prepared on a going concern basis, notwithstanding the net current liabilities of £70k in the balance sheet at year end. The Board of Management has prepared longer term forecasts as well as detailed forecasts for the period 12 months from the date at which these accounts were signed. These forecasts show that the Association will generate sufficient cash to meet its loan repayments and other creditors as they fall due. The key element of costs incurred by the Association is the ongoing maintenance (planned, cyclical and reactive) of its property portfolio which can be flexed if required to assist with short term cash management.

In response to the requirement to reduce its rents by 1% per annum until 2020 the Association has stress tested its loans and the ability to make its repayments and has responded well to this requirement by making efficiency savings and by extending the 3 year investment programme to 5 years. The Association has also responded to the regulatory requirement to have an Asset and Liability Register.

On the basis of current and forecast cash flow information the Board of Management believes that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from this basis of preparation not being appropriate.

Annual general meeting

The Annual General Meeting will be held on 3 September 2018.

Leeds Jewish Housing Association Limited

REPORT OF THE BOARD OF MANAGEMENT

Disclosure of information to auditors

At the date of making this report each of the Association's Board of Management members, as set out on page 1, confirm the following:

- so far as each Board member is aware, there is no relevant information needed by the Association's auditors in connection with preparing their report of which the Association's auditors are unaware
- each Board member has taken all the steps that he ought to have taken in order to make themselves aware of any relevant information needed by the association's auditors in connection with preparing their report and to establish that the Association's auditors are aware of that information.

The report of the Board of Management was approved on 3 September 2018 and signed on its behalf by:

Kate Pearlman-Shaw
Chair

REPORT OF THE BOARD OF MANAGEMENT

Statement of the responsibilities of the Board of Management for the financial statements

The Board is responsible for preparing the report and financial statements in accordance with applicable law and regulations.

The Co-operative and Community Benefit Societies Act and registered social landlord legislation requires the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Association at the end of the year and of the surplus or deficit of the Association for the year then ended.

In preparing those financial statements the Board is required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- follow applicable United Kingdom Accounting Standards and Statement of Recommended Practice (SORP) Accounting by Registered Social Housing Providers 2014, subject to any material departures disclosed and explained in the financial statements.

The Board is responsible for keeping proper accounting records that are sufficient to show and explain the Association's transactions and which disclose with reasonable accuracy at any time the financial position of the Association and enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, paragraph 16 of Schedule 1 to the Housing Act 1996 (to 31st March 2011) and The Housing and Regeneration Act 2008, (from 1st April 2011) and the Accounting Direction for Social Housing in England from April 2015.

The Board is also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board is responsible for ensuring that the Report of the Board is prepared in accordance with the Statement of Recommended Practice (SORP) Accounting by Registered Social Housing Providers 2014. The Board is responsible for the maintenance and integrity of the corporate and financial information on the Association's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LEEDS JEWISH HOUSING ASSOCIATION LIMITED

Opinion

We have audited the financial statements of Leeds Jewish Housing Limited for the year ended 31 March 2018 which comprise the statement of comprehensive income, statement of financial position, statement of changes in reserves, the statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and its profit for the period 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 Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and The Accounting Direction for Social Housing in England from April 2015

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The directors 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,

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LEEDS JEWISH HOUSING ASSOCIATION LIMITED

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.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the report of the Board of Management.

We have nothing to report in respect of the following matters in relation to which the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or
- the association has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we need for our audit.

Responsibilities of the board

As explained more fully in the Statement of Responsibilities of the Board of Management set out on pages 8 & 9, the Board of Management is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board of Management is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LEEDS JEWISH HOUSING ASSOCIATION LIMITED

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.

Use of our report

This report is made solely to the Association's members, as a body in accordance with regulations made under Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Saffery Champness LLP
Statutory Auditors
Mitre House
North Park Road
Harrogate

Date:

Leeds Jewish Housing Association Limited

**STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 March 2018**

	Note	2018 £'000	2017 £'000
Turnover	3	2,862	2,890
Operating expenditure	3	(2,654)	(2,561)
Other income		<u>54</u>	<u>5</u>
Operating surplus	5	262	334
Gain on disposal of tangible fixed assets		-	-
Interest receivable	6	-	-
Interest and financing costs	7	<u>(197)</u>	<u>(236)</u>
Surplus for the year		65	98
Total comprehensive income for the year	18	<u><u>65</u></u>	<u><u>98</u></u>

The notes on pages 17 to 33 form part of these financial statements.

All of the activities of the Association are classed as continuing.

Leeds Jewish Housing Association Limited

**STATEMENT OF FINANCIAL POSITION
at 31 March 2018**

	Note	2018 £'000	2017 £'000
Tangible fixed assets			
Housing properties	10	16,025	16,432
Other tangible fixed assets	11	293	266
		<u>16,318</u>	<u>16,698</u>
Current assets			
Debtors	12	119	130
Cash and cash equivalents		567	433
		<u>686</u>	<u>563</u>
Creditors: amounts falling due within one year	13	(756)	(843)
		<u>(70)</u>	<u>(280)</u>
Net current liabilities		(70)	(280)
Total assets less current liabilities		<u>16,248</u>	<u>16,418</u>
Creditors: amounts falling due after more than one year	14	(13,102)	(13,337)
		<u>(13,102)</u>	<u>(13,337)</u>
Total net assets		<u><u>3,146</u></u>	<u><u>3,081</u></u>
Capital and reserves			
Non-equity share capital	17	-	-
Revenue reserves	18	3,146	3,081
		<u>3,146</u>	<u>3,081</u>
Total reserves	18	<u><u>3,146</u></u>	<u><u>3,081</u></u>

The notes on pages 17 to 33 form part of these financial statements.

The financial statements were approved by the Board of Management on 3 September 2018 and signed on its behalf by:

Kate Pearlman-Shaw
Chair

Daniel Myers
Treasurer

**STATEMENT OF CHANGES IN RESERVES
for the year ended 31 March 2018**

	Note	Share capital £'000	Unrestricted fund £'000	Total £'000
Balance at 1 April 2016		-	2,983	2,983
Year ended 31 March 2017				
Surplus from statement of comprehensive income		-	98	98
Balance at 31 March 2017	18	-	3,081	3,081
Year ended 31 March 2018				
Surplus from statement of comprehensive income		-	65	65
Balance at 31 March 2018	17/18	-	3,146	3,146

The notes on pages 17 to 33 form part of these financial statements.

Leeds Jewish Housing Association Limited

**STATEMENT OF CASH FLOWS
for the year ended 31 March 2018**

	Note	2018 £'000	2017 £'000
Net cash generated from operating activities	20	<u>815</u>	<u>1,251</u>
Cash flow from investing activities			
Purchase and construction of housing properties		(277)	(490)
Receipts from sale of housing properties		-	-
Purchase of other fixed assets		<u>(86)</u>	<u>(108)</u>
		<u>(363)</u>	<u>(598)</u>
Cash flow from financing activities			
Loan repayments		(121)	(125)
Interest paid		<u>(197)</u>	<u>(236)</u>
		<u>(318)</u>	<u>(361)</u>
Net change in cash and cash equivalents in the period		<u>134</u>	<u>292</u>
Cash and cash equivalents at the beginning of the period		<u>433</u>	<u>141</u>
Cash and cash equivalents at the end of the period		<u><u>567</u></u>	<u><u>433</u></u>

The notes on pages 17 to 33 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2018**

1 LEGAL STATUS

Leeds Jewish Housing Association Limited (the Association) is registered with the Financial Conduct Authority under the Co-operative and Community Benefit Societies Act 2014 with registration 14424R. It is registered with the Regulator of Social Housing as a registered housing provider with registration L0440 and is an Exempt Charity for tax purposes under Inland Revenue reference number X88143.

2 ACCOUNTING POLICIES

Basis of accounting

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting by Registered Social Housing Providers 2014, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and comply with the Accounting for Social Housing in England from April 2015.

Leeds Jewish Housing Association meets the definition of a public benefit entity under FRS 102.

Going concern

The financial statements have been prepared on a going concern basis, notwithstanding the net current liabilities of £70,000 in the balance sheet at the year end. The Board of Management has prepared longer term forecasts as well as detailed forecasts for the period 12 months from the date at which these accounts are signed. These forecasts show that the Association will generate sufficient cash to meet its loan repayments and other creditors as they fall due. The key element of cost incurred by the Association is the ongoing maintenance (planned, cyclical and reactive) of its property estate, the planned element of which can be flexed if required, to assist with short term cash management.

On the basis of the current and forecast cash flow information the Board of Management believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from this basis of preparation not being appropriate.

Supported housing managed by Agents

Social housing capital grants are claimed by the Association as developer and owner of the property and included in the balance sheet of the Association. The treatment of other income and expenditure in respect of supported housing projects depends on the nature of the partnership arrangements between the Association and its managing agents and on whether the Association carries the financial risk.

Where the Association holds the support contract with the Supporting People Administering Authority and carries the financial risk, the entire project's income and expenditure is included in the Association's statement of comprehensive income (see note 3).

Where the agency holds the support contract with the Supporting People Administering Authority and carries the financial risk, the statement of comprehensive income includes only that income and expenditure which relates solely to the Association. Other income and expenditure of projects in this category is excluded from the Association's statement of comprehensive income (see note 3).

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2018**

2 ACCOUNTING POLICIES (continued)

Turnover

Turnover comprises rental income receivable in the year, goods and services supplied in the year and donations received in the year.

Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting. Charges for support services funded under Supporting People are recognised as they fall due under the contractual arrangements with Leeds City Council.

Interest payable

Interest is allocated at a constant rate on the carrying amount over the period of the borrowing. Interest is capitalised on borrowings to finance developments to the extent that it accrues in respect of the period of development if it represents either:

- (a) interest on borrowings specifically financing the development programme after deduction of interest on Social Housing Grant (SHG) in advance; or
- (b) interest on borrowings of the Association as a whole after deduction of interest on SHG in advance to the extent that they can be deemed to be financing the development programme.

Other interest payable is charged to the statement of comprehensive income in the year.

Pensions

The Association operates a defined contribution scheme for its employees, the cost of which is expensed to the statement of comprehensive income on an accruals basis.

The assets of the scheme are held separately from those of the Association in an independently administered fund.

Tax status

The Association has charitable status, and is therefore not subject to taxation on surpluses arising from its charitable activities.

Interest rate cap

The Association uses interest rate caps to mitigate interest rate exposure. The cost of the cap is shown netted off the loan to which it relates and is amortised in equal annual instalments over the period to which it relates.

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2018**

2 ACCOUNTING POLICIES (continued)

Housing properties

Housing properties are principally properties available for rent and are stated at cost less depreciation. Cost includes the cost of acquiring land and buildings, development costs, interest charges incurred during the development period and expenditure incurred in respect of improvements.

Works to existing properties which replace a component that has been treated separately for depreciation purposes, along with those works that result in an increase in net rental income over the lives of the properties, thereby enhancing the economic benefits of the assets, are capitalised as improvements.

Shared ownership properties are split proportionally between current and fixed assets based on the element relating to expected first tranche sales. The first tranche proportion is classed as a current asset and related sales proceeds included in turnover and the remaining element is classed as fixed asset and included in housing properties at cost, less any provisions needed for depreciation or impairment.

Housing properties under construction are transferred to housing properties held for letting on the date of practical completion.

Land held for future development is transferred to housing properties under construction when the Board gives approval for the scheme.

Depreciation of housing properties

Freehold land is not depreciated. Depreciation is charged so as to write down the net book value of housing properties to their estimated residual value, on a straight line basis, over their estimated useful economic lives in the business.

Major components are treated as separable assets and depreciated over the shorter of their expected useful economic lives or the lives of the structure to which they relate, at the following annual rates:

Windows	20 yrs
External doors	20 yrs
Roof	30 yrs
Fascias and soffits	20 yrs
Gutters	25 yrs
Kitchen	10 yrs
Bathroom	15 yrs
Boiler	10 yrs
Central heating and pipework	15 yrs
Structure	80 yrs

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2018**

2 ACCOUNTING POLICIES (continued)

Impairment

At each reporting end date, the Association reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Where there is evidence of impairment, tangible assets are written down to the recoverable amount. Any such write down is charged to the operating surplus for the year.

Social Housing Grant

Social Housing Grants are receivable from the Housing Corporation, now called the Homes England (HE), and are utilised to reduce the capital costs of housing properties. SHG which is received in respect of capital expenditure is included within deferred income and released to the income and expenditure account at a rate equal to the depreciation rate of the component to which it relates.

SHG due from the HE or received in advance is included as a current asset or liability. SHG received in respect of revenue expenditure is credited to the statement of comprehensive income in the same period as the expenditure to which it relates.

Where, following the sale of a property, SHG becomes repayable, to the extent it is not subject to abatement, it is included as a current liability until it is repaid. SHG is subordinated in respect of loans by agreement with the HE.

Other grants

Other grants are receivable from local authorities and other organisations. Capital grants are utilised to reduce the capital costs of housing properties, including land costs. Grants which are received in respect of capital expenditure is included within deferred income and released to the income and expenditure account at a rate equal to the depreciation rate of the component to which is relates to.

Grants in respect of revenue expenditure are credited to the statement of comprehensive income in the same period as the expenditure to which they relate.

Other tangible fixed assets

Tangible fixed assets other than housing properties are stated at cost less accumulated depreciation. Depreciation is charged on a straight line basis over the expected economic useful lives of the assets at the following annual rates:

Motor vehicles	25%
Furniture, fittings & equipment	10% - 25%
Long leasehold office premises – improvements	10%

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2018**

2 ACCOUNTING POLICIES (continued)

Lease obligations

Rentals paid under operating leases are charged to the statement of comprehensive income on the accruals basis.

The Association has no obligations under finance leases.

Capitalisation of development administration on-costs

Directly attributable on-costs, incurred in the delivery of the Association's development programme, are capitalised.

Reserves

The Association establishes restricted reserves for specific purposes where their use is subject to external restrictions.

Planned repairs (major repairs / cyclical maintenance)

Major repairs and cyclical maintenance are charged in the statement of comprehensive income, except to the extent that major repairs result in an increase in net rental income, reduced future maintenance costs or a significant extension to the life of the property in which case the cost is capitalised.

Provision for the cost of major repairs and cyclical maintenance is only made where a legally binding obligation to carry out the work exists at the balance sheet date and the work has actually started or a liability incurred in respect thereof before that date.

Financial Instruments

The Association only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measure at their settlement value. Long term basic financial instruments are measured at amortised cost using the effective interest method.

Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepared net of any trade discounts due.

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2018**

2 ACCOUNTING POLICIES (continued)

Creditors and Provisions

Creditors and provisions are recognised where the Association has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Loans which meet the conditions of a public benefit concessionary loan are measured at the amounts received (adjusted for accrued interest if applicable) in accordance with section 17.14 of the Housing SORP 2014.

Termination benefits

Employment termination benefits are recognised where the Association has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2018

3 TURNOVER, OPERATING COSTS AND OPERATING SURPLUS

	2018			2017		
	Turnover £'000	Operating costs £'000	Operating surplus £'000	Turnover £'000	Operating costs £'000	Operating surplus £'000
Social housing lettings	2,704	(2,654)	50	2,726	(2,561)	165
Social housing grant income	158	-	158	158	-	158
Other government grant	10	-	10	6	-	6
Other donations	44	-	44	-	-	-
	<u>2,916</u>	<u>(2,654)</u>	<u>262</u>	<u>2,890</u>	<u>(2,561)</u>	<u>329</u>

	General Housing £'000	Supported Housing £'000	Shared Ownership £'000	2018 £'000	2017 £'000
Rent receivable net of identifiable service charges	1,901	-	71	1,972	1,974
Service charges receivable	678	-	54	732	752
Amortised government grants	168	-	-	168	164
Other donations	44	-	-	44	-
Turnover from social housing lettings	<u>2,791</u>	<u>-</u>	<u>125</u>	<u>2,916</u>	<u>2,890</u>
Expenditure on social housing lettings					
Services	(426)	-	(35)	(461)	(508)
Support costs	(347)	-	-	(347)	(288)
Management	(406)	-	(29)	(435)	(410)
Routine maintenance	(539)	-	(35)	(574)	(517)
Bad debt charge	(5)	-	-	(5)	-
Major repairs expenditure	(90)	-	-	(90)	(97)
Depreciation of housing properties & other assets & loss on disposals of components replaced	(719)	-	(21)	(740)	(739)
Amortisation of interest rate cap	(2)	-	-	(2)	(2)
Operating expenditure on social housing lettings	<u>(2,534)</u>	<u>-</u>	<u>(120)</u>	<u>(2,654)</u>	<u>(2,561)</u>
Operating surplus on social housing lettings	<u>257</u>	<u>-</u>	<u>5</u>	<u>262</u>	<u>329</u>
Void losses	<u>(40)</u>	<u>-</u>	<u>-</u>	<u>(40)</u>	<u>(37)</u>

Leeds Jewish Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2018

4 ACCOMMODATION

	2018 No.	2017 No.
Managed by the Association	483	483
Managed by Agents (supported housing accommodation):	21	21
	<u>504</u>	<u>504</u>

Supported housing includes 6 bed spaces (2017: 6) for use by staff in furtherance of performance of their duties.

Housing accommodation included no units (2017: nil) occupied by wardens.

Units under development

There were no units (2017: nil) under construction at the year-end.

At the end of the year the classes of accommodation are analysed as follows:

	2018 No.	2017 No.
Housing accommodation		
Sheltered	194	194
Non-sheltered	249	249
Supported housing accommodation		
Bed spaces	23	23
Shared ownership accommodation	38	38
	<u>504</u>	<u>504</u>

5 OPERATING SURPLUS

This is arrived at after charging:

	2018 £'000	2017 £'000
Depreciation of housing properties	675	678
Amortisation of Interest Rate Cap	2	2
Depreciation of other tangible fixed assets	59	55
Loss on disposal of components replaced	6	6
Auditors' remuneration for audit services	11	11
Operating lease rentals (office rent)	1	11
	<u>1</u>	<u>11</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2018

6 INTEREST RECEIVABLE AND OTHER INCOME

	2018 £'000	2017 £'000
Interest on bank and building society accounts	-	-

7 INTEREST PAYABLE AND SIMILAR CHARGES

	2018 £'000	2017 £'000
Interest on loans	197	236

8 EMPLOYEES

	2018 No	2017 No
Average monthly number of employees expressed in full time equivalents:		
Administration and support staff	14	14
Wardens, care workers and cleaners	11	9
	<u>25</u>	<u>23</u>

Staff costs:	£'000	£'000
Wages and salaries	759	639
Social security costs	64	59
Other pension costs	28	23
	<u>851</u>	<u>721</u>

The Association provides a group personal pension scheme for employees. This is a money purchase scheme and all permanent members of staff are eligible to join following completion of 3 months service, on the next renewal date. Both employees and the Association, as employer, are contributing at the rate of 3 or 5% of the gross salary with the exception of senior members of staff and executive officers where the Association contributes at the rate of 10%. Other pension costs represent the cost to the Association for the year. There were no outstanding or prepaid contributions at the year-end (2017: £nil).

Included within wages and salaries above are termination benefits of £25,679 (2017 - £13,443).

Leeds Jewish Housing Association Limited

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2018**

8 EMPLOYEES (continued)

The following employees received emoluments of more than £60,000 during the year.

	2018 No.	2017 No.
£60,000 - £69,000	1	1
£70,000 - £79,000	1	1

9 KEY MANAGEMENT PERSONNEL

	2018 Total £'000	2017 Total £'000
Aggregate emoluments of the Association's key management personnel including pension contributions and benefits in kind	<u>68</u>	<u>84</u>

No fees were paid to the Board members during the year. Expenses paid during the year to board members amounted to £nil (2017: £nil).

Highest Paid Director	Basic salary £'000	Benefits in kind £'000	Pension contributions £'000	2018 Total £'000	2017 Total £'000
Chief Executive	<u>59</u>	<u>4</u>	<u>5</u>	<u>68</u>	<u>84</u>

Pension costs are shown as contributions paid on the Chief Executive's behalf. The Chief Executive participates in the pension arrangements of the Association on the same terms as other eligible senior members of staff and executive officers.

Leeds Jewish Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2018

10 TANGIBLE FIXED ASSETS - HOUSING PROPERTIES

	Housing properties held for letting £'000	Shared ownership housing properties £'000	Community Centre £'000	Land £'000	Lease £'000	Total £'000
Cost						
At 1 April 2017	19,329	1,040	2,270	885	311	23,835
Additions	277	-	-	-	-	277
Disposals	(16)	(7)	-	-	-	(23)
At 31 March 2018	<u>19,590</u>	<u>1,033</u>	<u>2,270</u>	<u>885</u>	<u>311</u>	<u>24,089</u>
Depreciation and impairment						
At 1 April 2017	6,489	454	320	-	140	7,403
Charged in year	598	18	28	-	31	675
Released on disposals	(11)	(3)	-	-	-	(14)
At 31 March 2018	<u>7,076</u>	<u>469</u>	<u>348</u>	<u>-</u>	<u>171</u>	<u>8,064</u>
Depreciated cost						
At 31 March 2018	<u>12,514</u>	<u>564</u>	<u>1,922</u>	<u>885</u>	<u>140</u>	<u>16,025</u>
At 31 March 2017	<u>12,840</u>	<u>586</u>	<u>1,950</u>	<u>885</u>	<u>171</u>	<u>16,432</u>

Expenditure on works to existing properties

	2018 £'000	2017 £'000
Components capitalised	277	490
Amounts charged to income and expenditure account	62	36
	<u>339</u>	<u>526</u>

Certain properties are financed by loans from third parties. The terms of these loans state certain provisions for the distribution of any profits or losses on sale of these assets. Note 15 details all such arrangements and should be read in conjunction with this note.

Leeds Jewish Housing Association Limited

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2018**

11 TANGIBLE FIXED ASSETS - OTHER

	Furniture fixtures and equipment £'000	Other fixed assets Total £'000
Cost		
At 1 April 2017	785	785
Additions	86	86
At 31 March 2018	<u>871</u>	<u>871</u>
Depreciation		
At 1 April 2017	519	519
Charged in the year	59	59
At 31 March 2018	<u>578</u>	<u>578</u>
Net book value		
At 31 March 2018	<u>293</u>	<u>293</u>
At 31 March 2017	<u>266</u>	<u>266</u>

12 DEBTORS

	2018 £'000	2017 £'000
Rent and service charges receivable	170	158
Less: Provision for bad and doubtful debts	<u>(66)</u>	<u>(62)</u>
	104	96
Other debtors	10	22
Prepayments and accrued income	5	12
	<u>119</u>	<u>130</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2018

13 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £'000	2017 £'000
Debt (note 15)	137	130
Trade creditors	185	138
Rent and service charges received in advance	44	59
Other creditors	31	35
Recycled capital grant (note 16)	3	34
Accruals	192	287
Deferred income (note 14)	164	160
	<u>756</u>	<u>843</u>

14 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2018 £'000	2017 £'000
Debt (note 15)	5,944	6,072
Recycled capital grant fund (note 16)	248	220
Deferred income	6,910	7,045
	<u>13,102</u>	<u>13,337</u>

Deferred income comprises social housing grant received in relation to housing properties. This is being released in line with the expected useful life of the components to which it is allocated.

	2018 £'000	2017 £'000
Analysis of deferred income:		
Within one year	164	160
Between one and two years	164	160
Between two and five years	650	639
After five years	6,096	6,246
	<u>7,074</u>	<u>7,205</u>
		2018 £'000
Balance at 1 April 2017		7,205
Leeds City Council and A&S Charitable trust grants received in year		35
Amounts released to income		<u>(166)</u>
Total deferred income		<u>7,074</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2018

15 DEBT ANALYSIS

	2018 £'000	2017 £'000
Due within one year		
Orchardbrook Loans	2	2
Bank Loans	125	116
Saul Woodrow Loan	10	12
	<u>137</u>	<u>130</u>
	2018 £'000	2017 £'000
Due after more than one year		
Orchardbrook Loan	258	243
Bank Loans	2,954	3,087
Saul Woodrow Loan	-	10
Leeds Jewish Welfare Board loan	2,249	2,249
Leeds Health Authority loan	483	483
	<u>5,944</u>	<u>6,072</u>
	2018 £'000	2017 £'000
Debt is repayable as follows:		
Debt within one year	137	130
Between one and two years	133	135
Between two and five years	438	419
After five years	5,373	5,518
	<u>6,081</u>	<u>6,202</u>

Bank Loans and Other Loans are secured by fixed charges on individual properties.

Terms of repayment and interest rates

The bank loans are repayable by instalments in the period 2000 to 2038. The interest on the loans are fixed for terms ranging from 20 years to 38 years at rates ranging from 6.37% and 13.58% and variable rates of between Libor plus 1.0 % to 1.5%.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2018

15 DEBT ANALYSIS (continued)

Other loans consist of loans received from:

- i. Saul Woodrow amounting to £10,195 (2017: £22,195), recalled during 2014 and is being repaid interest free at £1,000 per calendar month.
- ii. Leeds Jewish Welfare Board amounting to £2,249,000 (2017: £2,249,000). This balance relates to several loans secured against individual properties. Loans are repayable if the lender provides 15 months' written notice or if the property financed by the particular loan, ceases to be used for any continuous period of six months for the purpose of providing social welfare and care. The interest rates applied to the loans vary from being interest free to the higher of 6.5 percent per annum or 1 percent above the National Westminster Bank Base Lending Rate.
- iii. Leeds Health Authority amounting to £483,000 (2017: £483,000). Consists of two loans secured against individual properties, which only become repayable if the property ceases to be used for the provision of accommodation for people with learning difficulties. No interest is payable

With regard to the loans from Leeds Health Authority and the from Leeds Jewish Welfare Board there is no intention to use the properties in the foreseeable future other than for their specified purposes.

The interest free loans from Leeds Jewish Welfare Board and Leeds Health Authority have been treated as a public benefit concessionary loan in accordance with FRS102 and the Housing SORP 2014.

16 RECYCLED CAPITAL GRANT FUND

	2018	2017
	£'000	£'000
Recycled capital grant fund	<u>251</u>	<u>254</u>

Included above are amounts of £251k (2017: £254k) which are being released to the income statement over a period of 74 years from 2018. The grants initially related to the development of properties on the Queenshill Estate and have subsequently been recycled into the structure of Stonegate Way. Of this amount £3k will be released within one year and the balance of £248k after one year.

Leeds Jewish Housing Association Limited

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2018**

17 NON-EQUITY SHARE CAPITAL

	2018	2017
	£	£
Shares of £1 each issued and fully paid	<u>29</u>	<u>29</u>

The shares provide members with the right to vote at general meetings, but do not provide any rights to dividends or distributions on a winding up.

18 RESERVES

	£'000
Fund balances at 1 April 2017	3,081
Surplus for the year ended 31 March 2018	<u>65</u>
Fund balances at 31 March 2018	<u>3,146</u>

19 FINANCIAL COMMITMENTS

Expenditure commitments are as follows:

	2018	2017
	£'000	£'000
Capital expenditure		
Expenditure contracted for but not provided in the accounts	<u>258</u>	<u>-</u>

The capital commitment noted above relates to the Stone Court development which will be funded by via the major repairs budget for 2018/19.

Operating leases

At the reporting end date the Association had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2018	2017
	£'000	£'000
Motor vehicles:		
Within one year	21	18
Between two and five years	27	15
	<u>48</u>	<u>33</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2018

20 CASH GENERATED FROM OPERATING ACTIVITIES

	2018	2017
	£'000	£'000
Cash flow from operating activities		
Operating surplus	262	334
Adjustments for non-cash items		
Depreciation and impairment of tangible fixed assets	740	739
Decrease in debtors	12	5
Decrease in provisions	-	(48)
Decrease in deferred government grant	(131)	(127)
(Decrease)/increase in creditors	(68)	348
	<u>815</u>	<u>1,251</u>
Net cash inflow from operating activities	<u>815</u>	<u>1,251</u>

21 CONTINGENT ASSETS/LIABILITIES

The Association had no contingent assets or contingent liabilities at 31 March 2018 (2017: £nil).

22 RELATED PARTIES

The Association has a close working relationship with Leeds Jewish Welfare Board, which provides social care services to the Jewish community, including many tenants of the Association. The acquisition and development of certain properties owned by the Association has been financed by loans from Leeds Jewish Welfare Board. Further details in respect of these transactions are shown in note 15.