

MISSION HOUSING ASSOCIATION LIMITED

**REGISTERED NO.: IP17128R
HCA REGISTERED NO.: L0262**

REPORT AND FINANCIAL STATEMENTS

**for the year ended
31 December 2015**

**FIELD SULLIVAN LIMITED
CHARTERED ACCOUNTANTS**

**NEPTUNE HOUSE
70 ROYAL HILL
LONDON SE10 8RF**

Mission Housing Association Limited

Status:	Industrial and Provident Society, number IP17128R The Association's governing document is its Rules
Board members:	Anne Cartwright (7/8) Bernadette Cunningham (8/8) Dr John Davies (resigned June 2015) (4/4) Tim Fallon (2/8) Richard Gatti (7/8) Adrian D.C. Greenwood (Chair) (8/8) Robert Lantsbury (6/8) Mark Robinson (Co-opted September 2015) (Treasurer) (5/5) Jane Thorington-Hassell (6/8) Mike Wilton (4/8) (numbers in brackets = meetings attended/total number of eligible meetings)
Chief executive officer:	Jim Gilbourne
Secretary:	Anne Cartwright
Auditor:	Field Sullivan Limited Neptune House 70 Royal Hill London SE10 8RF
Solicitors:	Solomon, Taylor & Shaw 3 Coach House Yard Hampstead London NW3 1QD CAF Bank Limited Reliance Bank Ltd
Registered office:	8 Belmont Hill Lewisham London SE13 5BD

Mission Housing Association Limited

Report of the Board

Year ended 31 December 2015

The Board presents its report together with the audited financial statements for the year ended 31 December 2015.

Legislative provision

The Association is incorporated under the Industrial and Provident Societies Act 1965 and is a Registered Social Housing Provider registered with the Homes and Communities Agency under the Housing and Regeneration Act 2008.

The Association operates under the Model Rules 2011 published by the National Housing Federation. Mission Housing Association Limited (MH) has charitable status as an exempt charity.

Principal activity

The principal activity of the Association is the provision of accommodation for people on low income.

Review of results

Accounting policy – The Mission Housing Board took the decision in 2015 to change the accounting policy for the valuation of property from Historic Cost to Revaluation, and the comparison figures for 2014 have therefore been restated. Due to this change, an unrealised surplus of almost £3m has been recorded resulting to the revaluation of housing assets, with net rise in comprehensive income being £2,214,735.

To the end of 2015, excluding non-cash items, the Association made a small operating deficit of £6,672, whilst overall capital and reserves rose to at £9,782,025.

Property movements in 2015 – During the course of the year two properties were purchased as shared ownerships. One shared ownership, in Irving House SE16, staircased to 100%. One of the properties purchased outright for rental, Powerscroft Road, E5, in 2014 became a shared ownership, as anticipated, early in 2015 releasing £492,650 to the Association for the sale of a 59% interest. One property was purchased in Hopton House, SW9, for the housing of the workers and volunteers of a Christian charity, dedicated to bringing peace in areas of conflict in society. This purchase was part funded by equity and standard loans of over £200,000 from supporters of the charity. One Association property (Galpins Road, CR7) that was in a deteriorating state was sold for £385,000 and another property (in Elm Park Gardens CR2) was purchased for the tenants for £445,000 that met the decent homes standard. New equity loans were attracted to support the increased purchase price for the new property. Another property was also purchased outright for tenancy in Kedleston Walk, E2, to be used as a mission house in East London, for the benefit of 4 under resourced churches. This property purchase was also funded partly by equity loans amounting to £310,000. The Association also began the management of another property in Earlston Grove, Hackney, where the owners are now living outside of London. They wished to let their property affordably to tenants who meet the Mission Housing eligibility criteria. A downward staircasing also took place on a shared ownership, Avril Way E4, to allow the leaseholders to remain in their property and clear debts that had accrued, as well as finance some refurbishment of their home.

Equity loans – the Association has continued to attract additional equity loans from private individuals, churches and charitable organisations. These funds are used in the direct support of new property purchases for accepted beneficiaries, where the loan provider may receive an uplift in the value of their loan, linked to the change in value of the property over time. More details are provided in Notes 11 and 12.

Mission Housing Association Limited

Report of the Board

Year ended 31 December 2015

The number of units of accommodation at 31 December 2015 was:

General Needs – Housing for rent	16
Shared ownership	24

In addition, the number of assisted households was:

Supported by Low Cost Housing Loan	5
Housing Support Fund Beneficiaries	3

Risk assessment – The directors have not formally assessed the risk to which the Association is exposed. However the building insurance and public liability Insurance are reviewed periodically. The rented properties are surveyed and planned maintenance is carried out. Lessees are required to keep their homes in good repair; support is offered in this respect. Reserves are of a level to cover most possible risks. Access to housing, legal and financial experts also minimises risks.

Public benefit reporting – The Board of the Association have had regard to the Charity Commission’s general guidance on public benefit when reviewing their activities. Currently we have over 50 beneficiaries of our services, who are working with churches and Christian organisations in the London area. We undertook a review of their activities and the results show that they reach a wide range of groups and ethnicities, including the young and old, employed and unemployed, those with physical and mental health issues and addictions, homeless and refugees and many other needy groups across London, with over 15,500 people being impacted.

Reserve policy – The Association does not set out to hold free reserves. Any cash balances and any overdraft capacities are used as necessary working capital and available for the next housing activity. Reserves are currently high. There are plans to reduce these as more properties are purchased in furtherance of our objectives.

Plans for the future – It is planned to complete on at least eight new property transactions in the course of 2016, where wider sources of funding will be considered. It is also hoped to work closer and more strategically with other Christian Organisations in the housing of their workers.

Early in 2016, the Inasmuch Trust, a registered charity with similar objectives to Mission Housing, decided that the Trust to be wholly managed by MH. The trust holds two residential properties in Sydenham, and the Board will be considering its best course during the year.

At its meeting in March 2016, the Board agreed to seek de-registration from the Homes and Communities Agency (HCA) and pursue a more distinctive Christian ethos, free from many of the restrictions required by the HCA. This process is likely to be complete by the end of 2016.

The Board Members

Board members are elected at the Annual General Meeting (AGM) for a period of three years and are thereafter eligible for re-election. Vacancies may be filled by the Board during the year, for formal election at the next AGM.

Dr John Davies stood down at the AGM. Mark Robinson was co-opted to the Board in September in the position of Treasurer and will be eligible for election to the board at the next AGM. Anne Cartwright continues as Secretary for MH.

Mission Housing Association Limited

Report of the Board

Year ended 31 December 2015

Related party transactions

A loan received to assist in the purchase of a property situated at 63 Median Road, London E5 0PJ, was held at 31 December 2015 by A Cartwright (Secretary) and J Tasker (her husband), being related parties. Its value at the end of the year was £43,043.

Board members' responsibilities

The Board is required to prepare financial statements for each financial year in accordance with applicable laws and United Kingdom Generally Accepted Accounting Practice which give a true and fair view of the state of affairs of the Association and of the surplus or deficit for that period. In preparing those financial statements, the Board is required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Registered Social Housing Providers SORP;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

The Board is responsible for maintaining adequate accounting records which disclose, with reasonable accuracy at any time, the financial position of the Association and to enable them to ensure that the financial statements comply with the Industrial and Provident Societies Acts 1965 to 2002, the Housing and Regeneration Act 2008 and the Accounting Direction for Social Housing in England from April 2012. It is also responsible for safeguarding the assets of the Association and hence for taking steps for the prevention and detection of fraud and other irregularities.

All current Board members have taken all the steps they ought to have taken to make themselves aware of any information needed by the association's auditors for the purpose of their audit and to establish that the auditors are aware of that information. The Board members are not aware of any relevant audit information of which the auditors are unaware.

The board of the association is listed on page 1.

By order of the Board

Adrian D.C. Greenwood – Chair

Date:

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MISSION HOUSING ASSOCIATION LIMITED

We have audited the financial statements of Mission Housing Association for the year ended 31 December 2015 which comprise the income and expenditure account, the balance sheet and the related notes numbered 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Association's members, as a body, in accordance with Section 9 of the Friendly and Industrial and Provident Societies Act 1968 and the section 83 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association'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 Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of board members and auditors

As explained more fully in the Statement of Board Members' Responsibilities set out on page 5 the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of audit

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 December 2015 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Industrial and Provident Societies Act 1965, the Friendly and Industrial and Provident Societies Act 1968, Co-operative and Community Benefit Societies Act 2014 and the Accounting Direction for Social Housing in England from April 2012.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Friendly and Industrial and Provident Societies Act 1968 and Co-operative and Community Benefit Societies Act 2014 require us to report to you if, in our opinion:

- a satisfactory system of internal 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

Field Sullivan Limited

Chartered Accountants and Statutory Auditors
70 Royal Hill, Greenwich, London, SE10 8RF

Date:

Mission Housing Association Limited

Statement of Comprehensive Income for the year ended 31 December 2015

	Note	2015 £	2014 (as restated) £
Turnover	2	228,627	137,796
Operating expenditure	3	(326,272)	(252,139)
Other income		8,030	198,287
Operating (deficit) /surplus		(89,615)	83,944
Realised profit on disposal of fixed assets		502,157	92,009
Interest and other income	6	19,224	4,435
Interest chargeable and similar charges	5	(16,053)	(7,628)
Unrealised movement on equity loans	5	(830,163)	(129,077)
Unrealised surplus on revaluation of investments		(501)	891
Unrealised surplus on revaluation of investment properties		3,139,981	465,721
Total comprehensive income for the year	14	2,725,030	510,295

All of the above relates to continuing activities.

There were no recognised gains or losses apart from the above.

Mission Housing Association Limited

Balance sheet
as at
31 December 2015

	Note	2015		2014 (as restated)	
		£	£	£	£
Tangible fixed assets					
Housing properties	8		14,562,550		10,369,351
Investments	9		4,367		4,868
			<u>14,566,917</u>		<u>10,374,219</u>
Current assets					
Debtors	10	136,068		105,471	
Cash at bank and in hand		<u>1,267,513</u>		<u>734,813</u>	
		1,403,581		840,284	
Creditors: amounts falling due within one year	11	<u>164,622</u>		<u>25,997</u>	
<i>Net current assets</i>			1,238,959		814,287
Total assets less current liabilities			<u>15,805,876</u>		<u>11,188,506</u>
Creditors: amounts falling due after more than one year	12		6,023,851		4,131,511
			<u>9,782,025</u>		<u>7,056,995</u>
Capital and reserves					
Share capital	13		66		67
Loan capital	14		8		8
Revenue reserve	14		2,210,434		6,844,451
Revaluation reserve	14		7,571,517		-
Restricted reserves	14		-		212,469
			<u>9,782,025</u>		<u>7,056,995</u>

These financial statements were approved by the Board on _____
and signed on its behalf by:

Adrian D.C. Greenwood - Chair

Anne Cartwright - Secretary

Mission Housing Association Limited

Notes to the accounts
for the year ended
31 December 2015

1 Accounting policies

The principal accounting policies are summarised below and have been applied consistently.

(i) *Introduction and accounting basis*

The financial statements have been prepared in accordance with applicable Accounting Standards and statements of recommended practice. The accounts comply with the Housing and Regeneration Act 2008, the Accounting Direction for Social Housing in England from April 2012 and the Statement of Recommended Practice "Accounting by Registered Social Housing Providers 2014". The accounts are prepared on the historical cost basis of accounting except for tangible fixed assets, which have been included at revalued amounts.

(ii) *Turnover*

Turnover represents rental income and service charges net of voids, fees and grants from local authorities and the Homes and Communities Agency.

(iii) *Fixed assets*

Tangible fixed assets

Tangible fixed assets are stated at their current valuation, which is to be updated annually.

Individual furniture and equipment costing £500 or more are initially recorded at cost.

Depreciation

Depreciation is charged on a straight line basis over the expected useful economic lives of the fixed assets at the following annual rates:

Furniture and equipment	25% per annum
Housing properties	
Freehold	2% straight line
Leasehold	Over useful economic life

Land is not depreciated.

Capitalisation of works on housing properties

Works on housing properties which tend to increase the utility or useful economic life of the assets are capitalised. Initial works on new housing properties acquired to make them habitable are also capitalised.

Sale of housing properties

When a housing property is sold its cost and depreciation to the date of sale are excluded from fixed assets. Any profit or loss on such sale is taken to the income and expenditure account.

Mission Housing Association Limited

Notes to the accounts
for the year ended
31 December 2015

Shared ownership housing properties

Are included in the fixed assets at the percentage of the Association's share in the ownership. Any payment for increase in percentage of share is treated as addition. Any payments received for decrease in shares is treated similar to sale of housing property.

Impairment

Houses, which are depreciated over a period in excess of 50 years, are subject to impairment reviews annually, in accordance with FRS15 and the 2010 SORP. Where there is evidence of impairment, fixed assets are written down to recoverable amount. Any such write downs are charged to operating surplus.

(iv) VAT

Expenditure includes any VAT which cannot be fully recovered, and is reported as part of the expenditure to which it relates.

(v) Housing loans

Finance charges on housing loans are recognised in the income and expenditure account as they accrue.

(vi) Operating leases

Amounts payable under operating leases are recognised in the income and expenditure account as they fall due.

2 Turnover

	2015	2014
	£	£
Rent	222,814	133,950
Rental income net of voids	<u>222,814</u>	<u>133,950</u>
Service charges	3,066	3,744
Insurance for shared ownerships	2,747	102
	<u><u>228,627</u></u>	<u><u>137,796</u></u>

Mission Housing Association Limited

Notes to the accounts
for the year ended
31 December 2015

3 Operating costs

	Note	2015 £	2014 £
Property maintenance		25,621	12,848
Legal and professional fees for properties		42,977	17,134
Other direct costs		21,482	14,405
Wages and salaries	4	77,279	36,402
Rent, water rates and business rates		16,656	12,906
Light and heat		3,989	1,912
Premises		5,013	1,856
Printing, postage and stationery		3,476	1,840
Telephone and fax		1,541	664
Insurance		765	649
Travel and subsistence		949	214
Website and computer costs		3,189	7,357
Cleaning		5,029	1,070
Audit fees		6,660	4,999
Accountancy		6,115	3,137
Professional fees		4,058	4,926
Membership and subscriptions		2,613	2,728
E123 adjustment		-	(8,215)
Marketing		1,372	11,145
Other admin costs		1,979	1,621
		230,763	129,598
Major works on properties		12,566	33,810
Access gift for Ridgeway		-	20,000
Non cash depreciation		82,943	68,731
		326,272	252,139

Mission Housing Association Limited

Notes to the accounts
for the year ended
31 December 2015

4 Gross wages of staff	Note	2015 £	2014 £
Number of part time staff		3	3
Gross wages		67,294	31,118
Employers NI		3,947	2,338
Employers pension		6,038	2,946
	3	77,279	36,402
<p>The directors are defined as the members of the Board. None of the board members received any emoluments (2014: Nil).</p>			
5 Interest chargeable and similar charges			
Mortgage interest and other interest		12,978	6,476
Interest on bonds		3,075	1,152
Interest on equity loans, linked to the value of particular properties		830,163	129,077
		846,216	136,705
6 Interest and other income			
Interest on secured loan		2,626	1,456
Dividend income		105	40
Bank interest		885	899
Income E123 project		2,485	1,200
Management fee received		3,868	250
Gifts and donations		5,993	-
Gift aid tax reclaim		2,346	-
Other income		916	590
		19,224	4,435
7 Surplus/(deficit) on ordinary activities			
Auditors' remuneration (including VAT and expenses)			
- For the current year		6,000	4,800
- In relation to prior year		4,860	199
Depreciation		81,051	68,731
Operating lease rentals (land and buildings)		13,950	13,950
Landlord's lighting		-	-

Mission Housing Association Limited

Notes to the accounts
for the year ended
31 December 2015

8 Tangible fixed assets

	Housing Properties:				Total £
	Office equipment £	Office land and buildings £	Freehold & Leasehold properties £	Shared ownership properties £	
Cost			As restated	As restated	
At 1 January 2015 as originally stated	1,435	535,400	2,974,552	3,064,940	6,576,327
Prior year adjustment	-	-	3,020,358	1,411,176	4,431,534
At 1 January 2015 as restated	1,435	535,400	5,994,910	4,476,116	11,007,861
Additions	289	-	1,388,526	623,900	2,012,715
Disposals	-	-	(297,604)	(681,239)	(978,843)
Revaluation	-	94,600	1,654,168	772,863	2,521,631
At 31 December 2015	1,724	630,000	8,740,000	5,191,640	14,563,364
Depreciation					
At 1 January 2015	239	37,478	384,135	216,658	638,510
Charge for the year	575	12,600	41,058	28,710	82,943
Disposals	-	-	(66,544)	(35,746)	(102,290)
Revaluation	-	(50,078)	(358,649)	(209,622)	(618,349)
At 31 December 2015	814	-	-	-	814
Net book value					
At 31 December 2015	910	630,000	8,740,000	5,191,640	14,562,550
At 31 December 2014	1,196	497,922	5,610,775	4,259,458	10,369,351

Housing properties consist of long leasehold properties of £5,695,627 (2014: £3,035,1069) and freehold properties of £8,099,983 (2014: £2,997,628). Depreciation was charged for the year on long leasehold properties of £34,100 (2014: £19,801) and freehold properties of £35,668 (2014:£37,984).

The office building at 8 Belmont Hill, London SE13 5BD which was held at historical cost of £535,400 is now held at trustees' valuation of £630,000. The valuation of the property was agreed by the trustees at a trustees meeting held on 22 March 2016.

Housing properties were revalued during the period by Gary Edgar, MRICS of E Surveyors Ltd on the basis of open market value. The historical cost of freehold and leasehold properties included at a valuation of £8,740,000 was £2,974,552 and shared ownership properties included at a valuation of £5,191,640 was £3,064,940.

Mission Housing Association Limited

Notes to the accounts
for the year ended
31 December 2015

9 Investments	2015	2014
	£	£
At 1 January 2015	4,868	-
Acquired on merger	-	3,977
Additions	-	-
Disposals	-	-
Revaluation	(501)	891
At 31 December 2015	<u><u>4,367</u></u>	<u><u>4,868</u></u>
10 Debtors	2015	2014
	£	£
Due in less than 1 year:		
Arrears of rent and service charges	5,009	8,865
Secured loan *	10,067	6,762
Property deposit	48,000	-
Prepayments	1,845	5,324
	<u>64,921</u>	<u>20,951</u>
Due after more than 1 year:		
Secured loan *	71,147	84,520
	<u><u>136,068</u></u>	<u><u>105,471</u></u>
*The loans are secured on the properties to which they relate.		
11 Creditors: amounts falling due within one year	2015	2014
	£	£
Rent in advance	5,987	6,118
Accruals and other creditors	20,635	7,379
London Missionary Housing Bond	125,000	-
Bank loan secured on 8 Belmont Hill, London	13,000	12,500
	<u><u>164,622</u></u>	<u><u>25,997</u></u>

Mission Housing Association Limited

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12 Creditors: amounts falling due after more than one year

	2015	2014
	£	£
Amounts falling due after more than one year:		
Bank loan secured on 8 Belmont Hill, London		
Between one and two years	26,000	25,000
Between two and five years	39,000	37,500
In five or more years	206,101	221,911
Equity loans, linked to the value of particular properties		
Between one and two years	-	-
Between two and five years	-	-
In five or more years	4,684,900	3,082,100
Standard loans		
Between one and two years	38,493	-
Between two and five years	284,357	-
In five or more years	25,000	250,000
London Missional Housing Bond		
Between one and two years	-	-
Between two and five years	720,000	515,000
In five or more years	-	-
	6,023,851	4,131,511

A description of the loans:-

- (i) Bank mortgage - with The Reliance Bank Ltd. Income is received through letting of surplus office space
- (ii) London Missional Housing Bond – a partnership of churches and Christian organisations to support the mission of the church in some of the most deprived areas of London.
- (iii) Equity Loans - the size of loans ranges from £5,000 to £400,000, repayable at maturity or on the sale of a property.
- (iv) Standard Loans - the size of loans ranges from £1,000 to £60,000 repayable at dates agreed between the lender and Mission Housing Association Limited.

Number of properties with equity
loans

17

Number of loans

98

Mission Housing Association Limited

Notes to the accounts
for the year ended
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13 Share capital

	2015 £	2014 £
Authorised, allotted and called-up ordinary shares of £1 each fully paid:		
At 1 January 2015	67	19
Acquired on merger	-	48
Additions	2	-
Cancelled shares	(3)	-
At 31 December 2015	66	67

The shares carry no rights to any form of dividend or distribution either during the Association's life or on a winding-

When a shareholder ceases being a member the share is cancelled and the value becomes part of the Association's funds.

14 Capital and Reserves

	1 January 2015 £	As restated £	Movement in the year £ As restated	31 December 2015 £	Totals £ As restated
Share capital	67	-	(1)	66	66
Loan capital	8	-	-	8	8
Revenue reserve	2,412,917	4,431,534	(4,634,017)	2,210,434	2,210,434
Revaluation reserve	-	-	7,571,517	7,571,517	7,571,517
Restricted reserve	212,469	-	(212,469)	-	-
Totals	2,625,461	4,431,534	2,725,030	9,782,025	9,782,025

The restricted reserve represents housing gifts received and held for intended beneficiaries.

15 Housing stock

	Rented	Long Lease	Shared Ownership	Total
Brought Forward	7	9	22	38
Additions	3	2	6	11
Disposals	(2)	(3)	(4)	(9)
Carried forward	8	8	24	40

Mission Housing Association Limited

Notes to the accounts
for the year ended
31 December 2015

16 Operating lease commitments

The Association had annual commitments at 31 December 2015 under operating leases for land and buildings expiring:

	2015	2014
	£	£
In one year	13,950	13,950
In two to five years	<u>2,188</u>	<u>2,188</u>

The above operating leasing consist of £2,188 for the photocopier and £13,950 for rent payable to a homeowner for the E123 project.

17 Related party transactions

No board member received any remuneration or received reimbursement for any expenditure incurred during the year.

Loan received to assist in the purchase of the housing property situated at 63 Median Road, London E5 0PJ was received from Anne Cartwright and John Tasker (board member and her husband) as follows:

	Loan at 31	Loan at 31
	December	December
	2015	2014
	£	£
Anne Cartwright and John Tasker	43,043	29,464