

Charity No. 1113331
Company No. 5319765

COMMONWEAL HOUSING LIMITED
(a company limited by guarantee)

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2011

Commonweal Housing Limited

REPORT AND FINANCIAL STATEMENTS For the year ended 31 December 2011

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Commonweal Housing Limited

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2011

LEGAL AND ADMINISTRATIVE DETAILS

Company registration number: 5319765

Charity registration number: 1113331

Principal address: Unit 207, The Blackfriars Foundry
156 Blackfriars Road
London SE1 8EN

Registered office: Grove End Gardens
33 Grove End Road
London NW8 9LN

Directors and Trustees: Fiona Mactaggart MP (Chair)
Sir John Mactaggart Bt.
Gary Medazoumian FCA
Jane Slowey CBE
Laurence Newman
Robert Nadler
Steve Douglas – from 5 March 2012

Secretary: Gary Medazoumian FCA

Bankers: Barclays Bank plc
7th Floor,
180 Oxford Street
London BX3 2BB

Solicitors: Bates Wells & Braithwaite
2-6 Cannon Street
London EC4M 6YH

Bircham Dyson Bell
50 Broadway
London SW1H 0BL

Auditors: H.W. Fisher & Company
Acre House
11/15 William Road
London NW1 3ER

Commonweal Housing Limited

REPORT OF THE TRUSTEES

The Trustees, who act as directors for the purposes of the company law, present their report and financial statements for the year ended 31 December 2011.

Structure, governance and management

The Charity is a charitable company limited by guarantee and since March 2006 also a registered charity. It is governed by its Memorandum and Articles of Association (as amended) which provide for one third of the Trustees to retire at each Annual General Meeting. Fiona Mactaggart MP and Jane Slowey CBE retire at the next AGM and offer themselves for re-election. The Board is increasing its membership from six to seven with the appointment of Mr Steve Douglas on 5 March 2012. The minimum number as set out in the Memorandum and Articles of Association is three and the quorum is set at two Trustees.

The Board is the administrative and governing body and meets five times a year, ensuring and monitoring that the Charity is performing well, is solvent and complies with all its obligations.

Organisational structure and decision making

The Board is responsible for the policy and strategy of the Charity, ensuring the long-term sustainability of the organisation along with its financial and legal probity. The Chief Executive, Ashley Horsey, is responsible for implementing policies and strategies that have been approved by the Board and for progressing organisational objectives.

Objects and activities

Commonweal Housing is a housing based *Action Research* charity. We have developed a *track record of working collaboratively* with expert service delivery partners to develop, establish and pilot new and innovative housing based solutions benefitting those that have experienced different forms of social injustice. We aim to *capture the learning from our pilot projects* and to *disseminate the lessons learnt* to encourage and *facilitate replication of successful models* maximising the impact and beneficiaries. In developing our pilot projects *our focus will be on the quality of the learning* we distil as well as the innovation and new solutions we hope to deliver.

The Charity's core objects are the provision of housing for those who are in conditions of need and the advancement of education and training in particular (but without limitation) in relation to housing need. In 2011 these objectives were fulfilled by undertaking the following projects:-

- *Re-Unite* – an innovative and successful housing and support programme that meets the needs of mothers who would be homeless upon leaving prison, enabling them to be reunited with their children and supporting the household to live positive lives, piloted originally in south London now being replicated across the country.
- *The Chrysalis Project* – providing transitional accommodation for female former street sex workers, supporting their successful move-on from hostel accommodation.
- *The Peer Landlord Project* - an innovative new model of supportive shared housing providing a framework for peer mentoring and support between clients. Working initially with two different client groups – single homeless people moving on from hostels and larger supported housing schemes and also with younger people 16-25 year olds who have experienced periods of homelessness or unstable accommodation. This new project aims to provide clients with the skills, confidence and experience to find and maintain tenancies in the real world of rooms in private sector shared housing.

Public benefit statement

The Board confirm that they have complied with the duty in the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission. Further information regarding the Charity's activities, public benefit and impact are presented in its Annual Review, which is available on its website. <http://www.commonwealhousing.org.uk/>.

Commonweal Housing Limited

REPORT OF THE TRUSTEES (continued)

Risk management

The Trustees have assessed the major risks to which the Charity is exposed and are satisfied that systems are in place to mitigate exposure and consequences of key risks.

Reserves Policy

It is the policy of the Charity to try to ensure that the lowest level of general funds over the financial year is equivalent to approximately six months' of operational costs. The Board will review this policy at regular intervals to ensure that the level of free reserves maintained is adequate for the Charity's purposes.

Financial review

The Trustees consider the results as disclosed on the following pages to be satisfactory but are looking to expand the range of sources from which we secure income during the current year.

Disclosure of Information to Auditors

Each of the trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditors are aware of such information.

Auditors

For reasons of good governance, the trustees have decided to put the statutory audit out for competitive tender before the next Annual General Meeting.

ON BEHALF OF THE BOARD OF TRUSTEES

G S MEDAZOUMIAN FCA
Secretary

5 March 2012

Commonweal Housing Limited

TRUSTEES' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Trustees are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the Trustees to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the charity and of its incoming resources and application of resources, including its net income and expenditure for the year.

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Charity will continue in operation.

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

INDEPENDENT AUDITORS' REPORT

TO THE TRUSTEES OF COMMONWEAL HOUSING LIMITED

We have audited the financial statements of Commonweal Housing Limited for the year ended 31 December 2011 set out on pages 7 to 14. 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 charity's trustees, as a body, in accordance with Section 144 of the Charities Act 2011 and regulations made under Section 154 of that Act. 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, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustees and auditors

As explained more fully in the Trustees' Responsibilities Statement on page 4, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

The Trustees have elected for the financial statements to be audited in accordance with the Charities Act 2011 rather than the Companies Act 2006. Accordingly we have been appointed as auditors under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

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 the audit of the financial statements

An audit involves obtaining evidence from 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 charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2011 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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Trustees' Report is inconsistent in any material respect with the financial statements; or
- the charitable company has not kept adequate accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for an audit.

Andrew Rich (Senior Statutory Auditor) for and on behalf of H W Fisher & Company

Chartered Accountants

Statutory Auditor

Acre House, 11-15 William Road

London NW1 3ER

22 March 2012

Commonweal Housing Limited

STATEMENT OF FINANCIAL ACTIVITIES

(including Income and Expenditure Account)

For the year ended 31 December 2011

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2011 £	Total Funds 2010 £
Incoming resources					
Incoming resources from generated funds:					
Voluntary income	2	380,000	110,250	490,250	363,914
Donated assets	3	385,000	-	385,000	395,000
Incoming resources from charitable activities:					
Rental income		52,210	-	52,210	61,336
Total incoming resources		<u>817,210</u>	<u>110,250</u>	<u>927,460</u>	<u>820,250</u>
Resources expended					
Cost of generating voluntary income	4	-	-	-	12,489
Charitable activities		371,088	97,770	468,858	446,470
Governance costs		7,414	-	7,414	6,347
Total resources expended		<u>378,502</u>	<u>97,770</u>	<u>476,272</u>	<u>465,306</u>
Net incoming resources for the year/net movement in funds		438,708	12,480	451,188	354,944
Fund balances brought forward		672,574	86,797	759,371	404,427
Fund balances carried forward		<u>1,111,282</u>	<u>99,277</u>	<u>1,210,559</u>	<u>759,371</u>

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

Commonweal Housing Limited

BALANCE SHEET

As at 31 December 2011

	Notes	2011 £	2010 £
Fixed assets			
Tangible assets	7	962,009	587,290
Unlisted investment	8	1	1
		<u>962,010</u>	<u>587,291</u>
Current assets			
Debtors	9	56,565	41,320
Cash at bank and in hand		250,390	177,139
		<u>306,955</u>	<u>218,459</u>
Current liabilities			
Creditors: amounts falling due within one year	10	(58,406)	(46,379)
		<u>248,549</u>	<u>172,080</u>
Net current assets			
		<u>1,210,559</u>	<u>759,371</u>
Net assets			
		<u>1,210,559</u>	<u>759,371</u>
Income funds			
Restricted funds	11	99,277	86,798
Unrestricted funds:	12		
- Designated Property Fund		958,000	582,000
- Designated Replication Fund		125,000	66,500
- General Fund		28,282	24,073
		<u>1,210,559</u>	<u>759,371</u>
Total funds		<u>1,210,559</u>	<u>759,371</u>

The accounts were approved by the Board of Trustees on 5 March 2012 and signed on their behalf by

F MACTAGGART MP
Chair of the Board of Trustees

A HORSEY
Chief Executive

G S MEDAZOUMIAN FCA
Secretary

Commonweal Housing Limited

PRINCIPAL ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards, the Statement of Recommended Practice, "Accounting and Reporting by Charities", issued in March 2005 and the Companies Act 2005.

FIXED ASSETS AND DEPRECIATION

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life, as follows:-

Freehold and long leasehold properties	- on a straight line basis over 50 years
Computer and other equipment	- 20% per annum on a straight line basis

INCOMING RESOURCES

Fund raising income and donations are included in incoming resources when they are received except when the donors specify that they must be used in future accounting periods or donors' conditions have not been fulfilled, then the income is deferred. The income from fundraising ventures is shown gross.

Properties transferred to the charity, by way of gift, are recognised at open market value at the date of transfer.

RESOURCES EXPENDED

Resources expended are included in the statement of financial activities on an accruals basis, inclusive of value added tax and is allocated between:

- expenditure incurred in promoting the activities and objectives of the charity (cost of generating voluntary income);
- expenditure incurred directly to the fulfilment of the charity's objectives (charitable activities);
- expenditure incurred to ensure effective governance of the charity (governance costs).

PENSION CONTRIBUTIONS

Contributions in respect of personal pension schemes are included in the statement of financial activities for the year in which they are payable to the scheme.

FUNDS

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure, which meets these criteria, is charged to the fund.

Unrestricted funds are donations and other incoming resources received or generated and are expendable at the discretion of the Trustees in furtherance of the charity's objectives.

Designated funds are unrestricted funds earmarked by the Trustees for particular purposes.

LEASED ASSETS

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

Commonweal Housing Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2011

2. ANALYSIS OF VOLUNTARY INCOME

	Unrestricted Funds £	Restricted Funds £	Total Funds 2011 £	Total Funds 2010 £
Donations				
Grove End Housing	375,000	-	375,000	220,000
Other charitable donations	5,000	110,250	115,250	143,914
	<u>380,000</u>	<u>110,250</u>	<u>490,250</u>	<u>363,914</u>

Charitable donations received during the year for the delivery of the Re-Unite South London Project were as follows:-

The Henry Smith Charity	28,000
The Tudor Trust	20,000
The Charles Hayward Foundation	15,000
The LlankellyChase Foundation	15,000
The 29 th May 1961 Charitable Trust	10,000
The Wakefield and Tetley Trust	11,250
The Beatrice Laing Trust	5,000
The Bromley Trust	5,000
The Centre for Social Justice	1,000
Total	<u>110,250</u>

3. DONATED ASSETS

Donated assets comprise transfer of two properties, by way of gift, from Grove End Housing to enable the charity to develop its property base.

4. ANALYSIS OF RESOURCES EXPENDED

	Staff costs £	Other costs £	Total 2011 £	Total 2010 £
Restricted Funds				
Charitable activities	74,373	23,397	97,770	56,866
Unrestricted Funds				
Costs of generating funds	-	-	-	12,489
Charitable activities	121,613	249,475	371,088	389,604
Governance costs	-	7,414	7,414	6,347
	<u>195,986</u>	<u>280,286</u>	<u>476,272</u>	<u>465,306</u>

Charitable activities represent the cost of provision of the core activities of the charity of delivering housing solutions and understanding housing needs including the associated support costs to deliver these activities.

4. ANALYSIS OF RESOURCES EXPENDED (continued)

Commonweal Housing Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2011

Staff costs against Restricted Funds represent the salary costs of the Project Co-ordinator and Support Worker for the Re-Unite South London Project. Both are employed by Housing for Women and accordingly their costs are not included in staff costs in note 5.

Costs of generating funds include payments made to Charity Fundraising Limited as part of the charity's fundraising campaign for its Re-Unite South London Project.

Other costs in relation to charitable activities represent the cost of provision of the core activities of the charity of delivering housing solutions and understanding housing needs including the associated support costs to deliver these activities.

Governance costs relate to the direct costs associated with the effective governance of the charity. These include audit fees £4,680 (2010: £4,439), Legal and professional (SROI advice) £1,522 (2010: nil); Company Secretarial £nil (2010: £1,000) and Trustee Liability Insurance £1,212 (2010: £908).

Net incoming resources for the year is stated after charging depreciation of £10,281 (2010: £4,323).

5.	STAFF COSTS AND EMOLUMENTS	2011 £	2010 £
	Wages and salaries	103,000	102,979
	Pension contributions	6,208	5,250
	Social security costs	12,405	11,075
		<u>121,613</u>	<u>119,304</u>

Particulars of employees:

The average number of employees during the year, calculated on the basis of full-time equivalents, was as follows:

	2011 No.	2010 No.
Chief Executive	1	1
Administrative staff	1	1
	<u>2</u>	<u>2</u>
Employees who received remuneration of more than £60,000 during the year:		
Between £70,001 and £80,000	1	1

6. PAYMENTS TO TRUSTEES AND CONNECTED PERSONS

No Trustee or person with a family or business connection with a Trustee received remuneration in the year directly or indirectly, or had any expenses reimbursed (2010: nil).

7 TANGIBLE FIXED ASSETS

Computer

Commonweal Housing Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2011

	Land & Buildings £	& other equipment £	Total £
Cost			
At 1 January 2011	585,000	6,613	591,613
Additions	385,000	-	385,000
At 31 December 2011	<u>970,000</u>	<u>6,613</u>	<u>976,613</u>
Depreciation			
At 1 January 2011	3,000	1,323	4,323
Charge for the year	9,000	1,281	10,281
At 31 December 2011	<u>12,000</u>	<u>2,604</u>	<u>14,604</u>
Net book value			
At 31 December 2011	<u>958,000</u>	<u>4,009</u>	<u>962,009</u>
At 31 December 2010	<u>582,000</u>	<u>5,290</u>	<u>587,290</u>

The net book value includes £390,000 in respect of long leasehold properties (2010: £200,000)

8. UNLISTED INVESTMENT

The unlisted investment of £1 represents the Company's interest in the share capital of its wholly-owned subsidiary undertaking, Re-Unite Limited. The subsidiary is registered in England and Wales and has not traded since it was incorporated on 28 October 2009.

9. DEBTORS AND PREPAYMENTS

	2011 £	2010 £
Amount due from Grove End Housing	38,452	18,154
Prepayments and accrued income	18,113	23,166
	<u>56,565</u>	<u>41,320</u>

Included in debtors and prepayments is the sum of £nil relating to restricted funds. (2010: £5,000)

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011 £	2010 £
Social security costs	3,818	3,470
Accruals and deferred income	54,588	42,906
	<u>58,406</u>	<u>46,379</u>

11. RESTRICTED FUNDS

Balance at 1 January	Incoming	Outgoing	Balance at 31 December
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Commonweal Housing Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2011

	2011 £	resources £	resources £	2011 £
Re-Unite South London Project	86,797	110,250	(97,770)	99,277

The balance at 31 December 2011 is represented by cash at bank £109,277 (2010: £86,797) and creditors due within one year £10,000 (2010 nil).

12. UNRESTRICTED FUNDS

	Balance at 1 January 2011 £	Incoming resources £	Outgoing resources £	Balance at 31 December 2011 £
Designated Funds:				
Property Fund	582,000	385,000	(9,000)	958,000
Replication Fund	66,500	73,500	(15,000)	125,000
General Fund	24,073	358,710	(354,501)	28,281
	<u>672,573</u>	<u>817,210</u>	<u>(378,501)</u>	<u>1,111,282</u>

The Property Fund represents the total amount (at cost less depreciation) invested in freehold and long leasehold land and buildings used for the functional purposes of the charity.

The Replication Fund represents monies set aside for the cost of supporting replication projects coming on stream between 2012 and 2013.

The General Fund represents undesignated monies retained to provide the working capital to enable the charity to carry out its activities as a provider of housing solutions to social injustice.

13. RELATED PARTIES

Three of the Trustees of the charity, Sir John A Mactaggart and Messrs Laurence Newman and Gary Medazoumian, are members of Grove End Housing Limited (GEHL), an Industrial and Provident Society registered under the Industrial and Provident Societies Acts 1965-2002, (including the Friendly and Industrial and Provident Societies Act 1968).

Due to the nature of the charity's operations, transactions have taken place with GEHL at arm's length on normal trading terms which, under Financial Reporting Standard Number 8, require disclosure in the charity's accounts.

The following related party transactions occurred between the charity and GEHL during the year:

- (a) GEHL donated the sum of £375,000 (2010: £220,000) to the charity to fund its charitable activities.
- (b) GEHL transferred, by way of gift, the ownership of two properties with a total market value of £385,000 (2010: £395,000).

13. RELATED PARTIES (continued)

- (c) GEHL charged total rent of £124,953 (2010 £147,852) to the charity for the use of its properties.

Commonweal Housing Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2011

At 31 December 2011 the sum of £38,452 was due from GEHL to the charity (2010: £18,154).

14. LEASING COMMITMENTS

At 31 December 2011 the charity had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2011	2010
	£	£
Expiry date:		
Within one year	-	5,400
Between two and five years	13,200	13,200
In over five years	108,000	98,700
	<u>121,200</u>	<u>117,300</u>
	=====	=====

