



Julian House
The home of opportunity

JULIAN HOUSE

(Regulator of Social Housing registration: L4549
Finance Conduct Authority under the Co-operative and Community
Benefit Societies Act 2014 registration: 19305R)

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2018

JULIAN HOUSE

(Regulator of Social Housing registered no. L4549, registered with the Finance Conduct Authority no. 19305R)

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 March 2018

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JULIAN HOUSE

REFERENCE AND ADMINISTRATIVE DETAILS

For the year ended 31 March 2018

| | | |
|--|---|---|
| Trustees | Edward Rowberry (Chair) | |
| | Lee Burman | |
| | Kirsty Eastham | |
| | Libby Gawith | (Resigned September 2017) |
| | Matthew Graham | |
| | Barry Hughes | |
| | Jo Makinson | (Resigned March 2018) |
| | Margaret Ndlovu | |
| | Sue Porto | (Resigned June 2018) |
| | Joy Saunders | |
| | Ben Simpson | (Resigned September 2017) |
| | Andrew Stafford | |
| | Michael Whitcroft | |
| Secretary | Helene Law | |
| Chief Executive | Peter Denning | |
| Senior Management Team | Jane Andrew | HR & Admin Manager (on adoption leave) |
| | Helen Bedser | Business Development Director |
| | Helene Law | Finance Director |
| | Francis Longmore | HR & Admin Manager (adoption leave cover) |
| | Cecil Weir | Fundraising & PR Director |
| | Roanne Wootten | Operations Director |
| Community Benefit Society reg. no. | 19305R | |
| Regulator of Social Housing reg. no. | L4549 | |
| Registered office and place of business | 55 New King Street Bath BA1 2BN | |
| Auditors | MHA Monahans Fortescue House Court Street Trowbridge BA14 8FA | |
| Bankers | Lloyds Bank Milsom Street Bath BA1 1DN | |

JULIAN HOUSE

REFERENCE AND ADMINISTRATIVE DETAILS

For the year ended 31 March 2018

Tridos Bank
Deanery Road
Bristol
BS1 5AS

CAF Bank Ltd
Kings Hill
Kent
ME19 4JQ

Bank of Scotland
The Mound
Edinburgh
EH1 1YZ

TRUSTEES' REPORT

For the year ended 31 March 2018

The Board of Trustees of Julian House present their report, including the strategic report and the audited financial statements of the organisation for the year ended 31 March 2018.

Section 5 of this report details some of the achievements of Julian House and the JHT subsidiary during 2017/18 and it can be characterised as another successful year, building on four years of consistent growth. During this extended period the charity has won significant new contracts whilst retaining all of its existing re-tendered contracted work.

Fundraising income has diversified and steadily increased and the geographical reach of Julian House has continued. During this reporting year activities have grown to operate in 10 Counties and Unitaries in the South West with Julian House now viewed regionally as an expert in the specialist work undertaken with the most marginalised in society.

1) Review of the business / business model

Julian House is a charitable housing society registered under the Co-operative and Community Benefit Societies Act 2014 (previously Industrial & Provident Societies Act 1965), which was first registered in 1969. The organisation is also a Registered Provider, registered with the Homes and Communities Agency on the 2nd February 2010.

Julian House provides support services to people who have experienced street homelessness, domestic abuse, the criminal justice system, addictions, long-term unemployment or social exclusion. Our services operate across the South West in Bath & North East Somerset (B&NES), Somerset, Swindon, Wiltshire, Hampshire, Dorset, Bristol, South Gloucestershire, Exeter and Devon.

Our Vision

The Julian House vision is for a just society where socially excluded people are supported and empowered to build sustainable, independent lives.

Business model

Julian House seeks to maintain a Board size of up to 15 members. The Chief Executive, Finance Director and members of the Senior Management Team are in attendance at Board meetings as is an elected staff representative. No staff members have voting rights but contribute to discussions before decisions are taken.

The strategy and leadership direction of the organisation is provided by the Board of Trustees and its Groups (committees) and Working Groups (time limited committees). The implementation of the organisation's strategy and the provision of its day-to-day services are delegated to the Chief Executive and the Senior Management Team.

Julian House has one subsidiary, Julian House Trading Limited (JHT), which is a company limited by shares, which are all held by Julian House. Since April 2011 JHT has operated as a mixed motive social enterprise which offers education, employment and training opportunities. All commercial activity along with related revenues and profits are to be used to further the aims of Julian House.

TRUSTEES' REPORT

For the year ended 31 March 2018

2) Objectives and strategies for achieving those objectives

Julian House's 2018-22 Strategic Aims and Objectives

During the year the Trustees reviewed and approved an updated set of strategic aims. In January 2018 these were agreed as:

- Improve outcomes for clients and communities by working collaboratively with partners.
- Empower clients to have choice, control and an active voice.
- Deliver excellence with motivated and skilled staff and volunteers.
- Embrace change, learn and innovate.
- Use Social Enterprise to enhance outcomes for our clients.

Our housing and support services seek to tackle the immediate challenges, often when individuals are facing crisis situations, but Julian House has now developed services that help with the longer term, underlying issues which can lead to homelessness such as addiction, domestic abuse, crime and unemployment. This has resulted in a year that has seen significant growth in our services but despite this investment, it has not been necessary to draw on reserves, retaining the strong financial position.

Against the backdrop of a turbulent external environment the pressure on Julian House services (and those of other similar organisations) has been significant. This has required a willingness to embrace change and has prompted us to find ever more effective ways of meeting clients' needs.

Julian House Trading Ltd (JHT)

Julian House has a wholly owned subsidiary, Julian House Trading (JHT), registered company number 3450273. JHT's mission is to operate viable social enterprises which provide quality skills development opportunities, work experience placements, employment support and jobs for socially excluded people, to further the objectives of Julian House. JHT's existing social enterprises are in Bath, Bristol, Trowbridge, Exeter and Erlestoke Prison. These are bike workshops which provide bike sales, bike refurbishment, cycle maintenance training and bike servicing and repairs whilst providing learning opportunities bringing Julian House clients closer to the employment market. Current strands to our social enterprise projects include bike workshops, providing bike sales, bike refurbishment, cycle maintenance, cycle maintenance training and bike servicing and repairs.

The strategic aims of JHT are:

- To provide positive opportunities for socially excluded people to improve their skills, gain work experience and achieve their employment goals.
- To support our social enterprises to be financially strong; using our resources effectively, spending money wisely, attracting sales, fundraised and contract income.
- To provide good quality, value for money products and services which exceed the expectations of our customers.

TRUSTEES' REPORT

For the year ended 31 March 2018

Partnership

In so far as it is complementary to the organisation's objects, Julian House is guided by both local and national policy. We also strive to work in partnership with other voluntary agencies, statutory agencies, and service commissioners to achieve the best overall outcomes for existing and future clients.

Julian House plays a major role in shaping service developments affecting its client Group in the authorities where we work through active participation in a wide range of statutory and voluntary sector forums. During this financial year, this activity has now grown to include participation in Dorset.

In Bristol Julian House operates under the brand name "SeeChange" for its range of support services and accommodation.

3) Principal risks and uncertainties

The Board of Trustees acknowledges their responsibility to manage risk and regularly conducts a review of the major risks to which the organisation is exposed. Where appropriate, systems have been established to mitigate the identified risks.

Internal control risks are minimised by clearly defining levels of delegated authority and by implementing systems of authorisation.

Procedures are in place to ensure compliance with the health and safety of staff, volunteers, service-users and visitors. Health and Safety has a high profile across the organisation with significant levels of Board, staff and service-user participation, as well as high levels of training for staff across services.

The principal risks anticipated are the changes in future benefit rules and loss of grant funding. These are mitigated by keeping abreast of future legislation and developments and by keeping our income as diverse as possible, both in income types and geography.

The charity trustees have given consideration to the major risks to which the charity is exposed and satisfied themselves that systems or procedures are established in order to manage those risks.

4) Main trends and factors underlying the development and performance and position of the organisation

Principal Funding Sources

Our core funding is from our Social Housing Activities as shown in note 2 where we provide hostels/refuges and move-on housing for our clients.

Income from Non-Social Housing Activities

Julian House has always enjoyed widespread support from across the community in its heartland of Bath & North East Somerset. As the charity has grown so too has its supporter base – particularly in Bristol, Basingstoke and Exeter.

TRUSTEES' REPORT

For the year ended 31 March 2018

5) Analysis using key performance indicators

Activities, Achievement and Outcomes in 2017/18

Julian House measures impact through detailed record keeping with the 'Inform' database, helping to ensure activity is focussed and effective. Significantly, amongst our core activities the vast majority of people supported by Julian House benefited from that support as follows:

- 92% of clients with an assessed need to maximise their income were successful in achieving this outcome
- 96% of clients with an assessed need to better exercise choice, control and involvement were successful in achieving this outcome
- 94% of clients with an assessed need to minimise harm/risk of harm from others were successful in achieving this outcome
- 59% of clients with an assessed need to obtain paid work were successful in achieving this outcome
- 80% of clients with an assessed need to secure settled accommodation were successful in achieving this outcome
- 71% of clients with an assessed need to participate in work-like activities were successful in achieving this outcome
- 94% of clients with an assessed need to better manage their physical health were successful in achieving this outcome.
- 88% of clients with an assessed need to reduce their overall debt were successful in achieving this outcome

2017/18 has been a year of sustained growth reaching out to more people than ever before:

- In Exeter we were commissioned to provide a new Prison Resettlement Service to supporting prisoners who are homeless/threatened with homelessness to maintain accommodation or secure suitable alternative accommodation on release.
- In BaNES we were contracted to deliver the Syrian Vulnerable Persons Relocation Scheme in partnership with Bath Welcomes Refugees
- In Somerset we were commissioned by the Positive Lives Board to provide accommodation and wrap-around support for individuals whose offending poses a high risk of harm and/or high risk of re-offending.
- In West Dorset, Christchurch and Weymouth we were commissioned to provide a rough sleeper outreach and engagement service.

The bike workshop aims are:

- 1) To provide positive opportunities for socially excluded people to improve their skills, gain work experience and achieve their employment goals
- 2) To be financially strong; using our resources effectively, spending money wisely, attracting sales, fundraised and contract income
- 3) To provide good quality, value for money products and services which exceed customer expectations

2017-18 was an exciting year for Julian House Bike Workshop. We successfully Crowdfunded to open our 5th store and more bikes than ever before were donated, fixed and sold, to transform the employment prospects of our clients. We also implemented EPOS across our shops and carried out major refurbishments, to improve efficiency, productivity, customer and client experience.

TRUSTEES' REPORT

For the year ended 31 March 2018

We generated a phenomenal £414k in sustainable trading income and an amazing £554k in social value through training and employment outcomes, calculated using the recognised HACT toolkit.

Julian House Bike Workshop exists to lift barriers and address the disadvantage clients with complex lives experience in a competitive employment market. While the majority of our clients would like to work, most don't, and the longer they are out of work, the more entrenched the barriers they face and the less likely gaining work can seem. Employment is the most sustainable route out of homelessness; yet getting our clients into work can be one of the hardest things to accomplish.

Julian House Bike Workshop is unique, because our skilled staff and role models see training and work as a vital part of someone's journey from homelessness. Unlike most workplaces, employment programmes and training providers, clients don't need to have addressed all their complex issues in order to access the flexible and inspiring opportunities available. Julian House Bike Workshop offers a warm welcome and acceptance in a supportive, real-life commercial environment, where they can ignite their motivation, learn at their own pace, see their progression, raise aspirations, and make a positive contribution in their local community; all the while experiencing first hand just how good working life can be.

In 2017, 280 people accessed courses, work experience and specialist employment support through Julian House Bike Workshop; having the opportunity to be active, try something new, gain a sense of achievement, build work-related skills and confidence, prepare for and secure paid work. 160 clients also built a bike they could keep for themselves.

Client involvement is a key part of our success, with continuous improvement driven by clients. E.g. the decision to apply for recognised accreditation for our training courses and to provide a portfolio of learning was as a direct result of client feedback. Clients are also involved in providing peer-support and mentoring newer participants.

Our business plan reflects our drive for continued commercial success and an unwavering commitment to delivering strong outcomes for our clients; 22 of whom secured paid employment last year with a hand-up from Julian House Bike Workshop.

6) Future prospects

As Julian House heads into 2018 with a five year strategy we look forward optimistically. The organisation has diversified and developed with a presence and contracted services in eight Local Authority areas with growth in all of our strands of activity. The diversified services support more people in more ways than ever before. The challenges faced in the communities we operate in are perhaps as great as they have been for a generation, but for the first time in several years some of the Supporting People losses which have affected homelessness have been addressed with central government resources in the form of the Homelessness Prevention Fund.

Where we can improve outcomes for clients, we want to work collaboratively with partners, our first strategic aim. Julian House has partnerships for all existing services, but we need to go further. As pressure on statutory authorities grows, we need to share the challenges of bringing the broad spectrum of skills and services together collaboratively with a pragmatism about efficiencies which need to be found.

Secondly we want to empower clients to have choice, control and an active voice. We will continue to grow and formalise our existing mechanisms for client involvement in services and listen to our partners and other stakeholders to see how services can be improved. We recognise that any service left alone for long enough will develop quality blind spots and that our quality assurance processes must be inbuilt and robust. Peer to peer and external quality reviews with 'experts by experience' at the centre are essential.

TRUSTEES' REPORT

For the year ended 31 March 2018

Julian House now has 400 volunteers and a staff group which has grown from 40 to 150 in five years. We recognise this is our most precious resource, reflected in our third objective: Delivering excellence with motivated and skilled staff and volunteers. This long term objective will be reflected in a long term investment in training and support.

We believe that a strength of Julian House is our willingness to embrace change, learn and innovate. We want this to be central to everything we do, recognising that we must adapt positively as the political, social and technological environment changes. Genuine openness to learn means that we will welcome external and peer review, and work constructively with partners who bring unique skills.

Through diversification, Julian House will continue to use social enterprise to enhance outcomes for our clients. With six centres across the South West and the infrastructure to provide more, Julian House and Julian House Trading are now in a unique position. We are now a genuine public / private / voluntary combination of commissioned services, volunteers with community generated voluntary income, and private income through commercial social enterprises and business partnerships. Julian House will use this five year plan period to leverage greater value from this unique position for our stakeholders, creating employment, training and work experience to the most marginalised in society and providing a sustainable route out of homelessness and social exclusion.

7) Assessment of how the organisation is achieving value for money

For the clients and funders of Julian House and Julian House Trading the aim is to achieve value for money by good governance in the use of our resources such as staff and finances. We have a clear level of delegation for the expenditure of resources and aim to always look at the client value first. Value for money is not always the cheapest option but also the most economical, efficient and effective option.

8) Assessment of compliance with the Governance and Financial Viability Standard

Julian House complies with the governance and financial viability standard as stated by the HCA, this is reviewed regularly.

9) Code of governance

Julian House follows the code of governance as set out by the National Housing Federation 2015.

10) Annual review of internal control

Julian House Board of Trustees are responsible for the internal controls of the charity and this responsibility is delegated to the sub committees. The controls are reviewed at least annually by the board.

11) Public benefit statement

Julian House is formed for the benefit of the community.

JULIAN HOUSE

TRUSTEES' REPORT

For the year ended 31 March 2018

Julian House objective is to carry on for the benefit of the community the business of providing social housing and any associated amenities for persons in necessitous circumstances upon terms appropriate to their means.

- The business of providing and managing housing, including Social Housing, and providing assistance to help house people and associated facilities, amenities.
- To assist individuals in the development of their capacity and skills in such a way that they become, as a result of the assistance, increasingly able to identify and help meet their own needs and to participate more fully in society. Julian House aims to achieve this by providing training, employment and other support and opportunities which will enable the individuals to sustain housing and independent living and achieve their potential.
- Any other charitable objective that can be carried out from time to time by a registered society in order to benefit the community.

12) Trustees' responsibilities

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

The Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation require the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the organisation and of its income and expenditure for that period.

In preparing these financial statements, the Board is required to have:

- selected suitable accounting policies and applied them consistently.
- made judgements and estimates that are reasonable and prudent.
- stated whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepared the financial statements on a going concern basis (unless it is inappropriate to presume that the organisation will continue in operation).

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the organisation and enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014 the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing in England 2015. It has general responsibility for taking reasonable steps to safeguard the assets and to prevent and detect fraud and other irregularities.

Approved by the Board of Trustees on 13/9/18 and signed on its behalf by

EDWARD ROWBERRY
Chair



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF JULIAN HOUSE
For the year ended 31 March 2018

Opinion

We have audited the financial statements of Julian House for the year ended 31 March 2018 which comprise the Consolidated and Parent Society Statement of Comprehensive Income, the Consolidated and Parent Society Balance Sheet, the Consolidated Cash Flow Statement, the Consolidated and the Parent Society Statement of Change in Reserves and notes to the financial statements including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 consolidated and the parent society's affairs as at 31 March 2018, and of the group's income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing in England 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 association 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 board's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the board has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the association'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 board is responsible for the other information. The other information comprises the information included in the Trustees' 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 we do not express any form of assurance conclusion thereon.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF JULIAN HOUSE
For the year ended 31 March 2018

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

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

- the association has not kept proper books of account, and not maintained a satisfactory system of control over its transactions, in accordance with the requirements of the legislation; or
- the revenue account, any other accounts to which our report relates, and the balance sheet are not in agreement with the association's books of account; or
- we have not obtained all the information and explanations necessary for the purposes of our audit.

Responsibilities of the board

As explained more fully in the board's responsibilities statement set out on pages 8 - 9, the board 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 determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the board is responsible for assessing the association'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 intends to liquidate the association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF JULIAN HOUSE
For the year ended 31 March 2018

Use of report

This report is made solely to the charitable housing society's members, as a body, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the society'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 society and the society's members as a body, for our audit work, for this report, or for the opinions we have formed.



James Gare (Senior Statutory Auditor)
For and on behalf of MHA Monahans
Statutory Auditors
Chartered Accountants
Fortescue House
Court Street
Trowbridge
BA14 8FA

13/09/18

JULIAN HOUSE

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME For the year ended 31 March 2018

| JULIAN HOUSE GROUP | Notes | 2018 | 2017 |
|--|--------------|--------------------|--------------------|
| | | £ | £ |
| Turnover | 2, 4 | 4,603,632 | <i>3,652,407</i> |
| Operating expenditure | | (4,484,445) | <i>(3,568,819)</i> |
| Operating surplus | | 119,187 | <i>83,588</i> |
| Interest receivable and similar income | 5 | 2,197 | <i>909</i> |
| Interest payable and similar charges | 6 | (20,197) | <i>(19,598)</i> |
| Surplus on ordinary activities for the year before tax | | 101,187 | <i>64,899</i> |
| Taxation | | - | - |
| Surplus for the year after tax and total comprehensive income | | 101,187 | <i>64,899</i> |

JULIAN HOUSE

STATEMENT OF COMPREHENSIVE INCOME For the year ended 31 March 2018

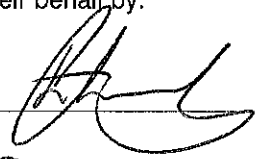


| JULIAN HOUSE | Notes | 2018 £ | 2017 £ |
|--|-------|----------------|----------------|
| Turnover | 2, 4 | 3,884,831 | 2,986,976 |
| Operating expenditure | | (3,678,654) | (2,897,809) |
| Operating surplus | | 206,177 | 89,167 |
| Interest receivable and similar income | 5 | 2,871 | 686 |
| Interest payable and similar charges | 6 | (20,197) | (19,598) |
| Extraordinary item - provision for intercompany balances | 7 | - | 104,000 |
| Surplus on ordinary activities for the year before tax | | 188,851 | 174,255 |
| Taxation | | - | - |
| Surplus for the year after tax and total comprehensive income | | 188,851 | 174,255 |

JULIAN HOUSE

BALANCE SHEET AND CONSOLIDATED BALANCE SHEET
As at 31 March 2018

| | Notes | Julian House Group | | Julian House | |
|---|-------|--------------------|------------------|------------------|------------------|
| | | 2018 £ | 2017 £ | 2018 £ | 2017 £ |
| FIXED ASSETS | | | | | |
| Social housing properties | 10 | 1,340,499 | 1,112,242 | 1,340,499 | 1,112,242 |
| Other tangible fixed assets | 11 | 1,741,019 | 1,717,282 | 1,582,851 | 1,561,105 |
| Investment in subsidiary | 12 | - | - | 2 | 2 |
| | | 3,081,518 | 2,829,524 | 2,923,352 | 2,673,349 |
| CURRENT ASSETS | | | | | |
| Stocks | 13 | 71,677 | 70,269 | 9,806 | 8,403 |
| Debtors | 14 | 824,863 | 692,758 | 1,196,367 | 904,210 |
| Cash at bank and in hand | | 442,922 | 843,932 | 405,442 | 727,426 |
| | | 1,339,462 | 1,606,959 | 1,611,615 | 1,640,039 |
| CREDITORS: amounts falling due within one year | 15 | (882,428) | (934,647) | (860,477) | (763,278) |
| NET CURRENT ASSETS | | 457,034 | 672,312 | 751,138 | 876,761 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 3,538,552 | 3,501,836 | 3,674,490 | 3,550,110 |
| CREDITORS: amounts falling due after one year | 16 | (781,722) | (846,192) | (781,722) | (846,192) |
| NET ASSETS | | 2,756,830 | 2,655,644 | 2,892,768 | 2,703,918 |
| RESERVES | | | | | |
| Called up share capital | 18 | 10 | 11 | 10 | 11 |
| Income and expenditure reserve | 19 | 2,756,820 | 2,655,633 | 2,892,758 | 2,703,907 |
| Restricted funds | 20 | - | - | - | - |
| TOTAL RESERVES | | 2,756,830 | 2,655,644 | 2,892,768 | 2,703,918 |

The financial statements were approved and authorised for issue by the Board on13/9/18..... and signed on their behalf by:


 _____ EDWARD ROWBERRY, Chair

 _____ JOY SAUNDERS, Trustee

 _____ HELENE LAW, Secretary

JULIAN HOUSE

CONSOLIDATED STATEMENT OF CHANGE IN RESERVES
For the year ended 31 March 2018

| | Restricted reserve | Called-up share capital | Income and Expenditure Reserve | Total |
|--------------------------------------|-----------------------|----------------------------|--------------------------------------|-----------|
| | £ | £ | £ | £ |
| At 1 April 2016 | 264,615 | 11 | 2,326,119 | 2,590,745 |
| Surplus for the year | - | - | 64,899 | 64,899 |
| Total comprehensive income | - | - | 64,899 | 64,899 |
| Share capital issued | - | 1 | - | 1 |
| Share capital redeemed | - | (1) | - | (1) |
| Transfers | (264,615) | - | 264,615 | - |
| At 31 March 2017 and 1 April 2017 | - | 11 | 2,655,633 | 2,655,644 |
| Surplus for the year | - | - | 101,187 | 101,187 |
| Total comprehensive income | - | - | 101,187 | 101,187 |
| Share capital issued | - | 1 | - | 1 |
| Share capital redeemed | - | (2) | - | (2) |
| At 31 March 2018 | - | 10 | 2,756,820 | 2,756,830 |

JULIAN HOUSE

STATEMENT OF CHANGE IN RESERVES
For the year ended 31 March 2018

| | Restricted reserve | Called-up share capital | Income and Expenditure Reserve | Total |
|--------------------------------------|-----------------------|----------------------------|--------------------------------------|-----------|
| | £ | £ | £ | £ |
| At 1 April 2016 | 264,615 | 11 | 2,265,037 | 2,529,663 |
| Surplus for the year | - | - | 174,255 | 174,255 |
| Total comprehensive income | - | - | 174,255 | 174,255 |
| Share capital issued | - | 1 | - | 1 |
| Share capital redeemed | - | (1) | - | (1) |
| Transfers | (264,615) | - | 264,615 | - |
| At 31 March 2017 and 1 April 2017 | - | 11 | 2,703,907 | 2,703,918 |
| Surplus for the year | - | - | 188,851 | 188,851 |
| Total comprehensive income | - | - | 188,851 | 188,851 |
| Share capital issued | - | 1 | - | 1 |
| Share capital redeemed | - | (2) | - | (2) |
| At 31 March 2018 | - | 10 | 2,892,758 | 2,892,768 |

JULIAN HOUSE

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 March 2018

| | Note | 2018 £ | 2017 £ |
|--|-----------|------------------|------------------|
| Cash flow from operating activities | 21 | 128,593 | 268,135 |
| Cash flow from investing activities | | | |
| Payments to acquire social housing property | 10 | (244,184) | (298,975) |
| Payments to acquire of tangible fixed assets | 11 | (224,191) | (185,026) |
| Receipts from sales of tangible fixed assets | | 7,628 | - |
| Interest received | | 2,197 | 909 |
| Net cash used in investing activities | | (458,550) | (483,092) |
| Cash flow from financing activities | | | |
| Repayments of borrowing | | (50,855) | (48,081) |
| Cash inflow from new borrowing | | - | 189,000 |
| Share movement | | (1) | - |
| Interest paid | | (20,197) | (19,598) |
| Net cash provided by / (used in) financing activities | | (71,053) | 121,321 |
| Change in cash and cash equivalents in the year | | (401,010) | (93,636) |
| Cash and cash equivalents at 1 April 2017 | | 843,932 | 937,568 |
| Cash and cash equivalents at 31 March 2018 | | 442,922 | 843,932 |
| Cash and cash equivalents consists of: | | | |
| Cash at bank and in hand | | | |
| Cash and cash equivalents at 31 March 2018 | | 442,922 | 843,932 |

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

1. ACCOUNTING POLICIES

(a) General information and basis of preparation of financial statements

Julian House is a registered society under the Co-operative and Community Benefit Societies Act 2014, a private registered provider of social housing in the United Kingdom and is recognised by the Inland Revenue as an exempt charity. The address of the society is given in the reference and administration details of page 1 of these financial statements. The nature of the society's operations and principal activities are provided within the Trustees' Report.

Julian House constitutes a public benefit entity as defined by the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

The financial statements have been prepared in accordance with applicable accounting standards including Financial Reporting Standard 102, The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Statement of Recommended Practice for Social Housing Providers 2014, and with the Accounting Direction for private registered providers of social housing in England 2015. The financial statements are also prepared under the requirements of the Housing and Regeneration Act 2008 and the Co-operative and Community Benefit Societies Act 2014. The financial statements have been prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are prepared in sterling, which is the functional currency of the organisation and rounded to the nearest pound.

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

(b) Group accounts

These group financial statements consolidate the results of the society and its wholly-owned subsidiary Julian House Trading Limited, both of which make up their financial statements to 31 March. The results of the subsidiary are consolidated on a line by line basis.

(c) Tangible fixed assets

Tangible fixed assets (including social housing properties) are stated at cost (or deemed cost). Cost includes costs directly attributable to making the asset capable of operating as intended such as the cost of acquiring land and buildings, developments costs, interest charges on loans during the development period and expenditure on improvements. Expenditure on improvements will only be capitalised when it results in incremental future benefits such as increasing rental income, reducing maintenance costs or resulting in a significant extension of the useful economic life of the property.

Tangible fixed assets are stated at cost (or deemed cost) or valuation less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended.

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

JULIAN HOUSE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

| | |
|--------------------------------|-----------------|
| Freehold land | Not Depreciated |
| Non-housing Freehold buildings | Over 50 years |
| Leasehold land and buildings | Over 25 years |
| Motor vehicles | Over 5 years |
| Fixtures and fittings | Over 5 years |
| IT Equipment | Over 3 years |

Housing properties are divided into the major components and charged depreciation, so as to write-down the cost of each component to its estimated residual value, on a straight line basis, over its estimated useful economic life. The group depreciates the major components of its housing properties at the following annual rates.

| | |
|--------------------|-----------------|
| Land | Not Depreciated |
| Main Fabric | Over 100 years |
| Roof structure | Over 70 years |
| Kitchens | Over 20 years |
| Bathrooms | Over 30 years |
| Windows and doors | Over 25 years |
| Mechanical systems | Over 30 years |
| Gas boilers | Over 15 years |
| Electrics | Over 40 years |

Annually housing properties are assessed for impairment indicators. Where indicators are identified an assessment for impairment is undertaken comparing the scheme's carrying amount to its recoverable amount. Where the carrying amount of a scheme is deemed to exceed its recoverable amount, the scheme is written down to its recoverable amount. The resulting impairment loss is recognised as operating expenditure. Where a scheme is currently deemed not to be providing service potential to the society, its recoverable amount is its fair value less costs to sell.

(d) Investments

Investments in subsidiaries are measured at cost less impairment.

(e) Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing stock to its present location and condition. Provision is made for damaged, obsolete and slow-moving stock where appropriate.

Donated second hand goods are estimated at the value of 1 weeks sales.

(f) Debtors and creditors receivable / payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in expenditure.

(g) Loans and borrowings

Loans and borrowings are initially recognised at the transaction price including transaction costs.

(h) Leases

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

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

(i) Tax

The society is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charity for UK corporation tax purposes.

The activities of the society are partially exempt from VAT. Irrecoverable VAT which can be attributed to a capital item or operating expenditure is added to the cost of the capital item if expenses were practicable and material.

(j) Turnover and other income

Turnover is measured at the fair value of the consideration received or receivable net of VAT and trade discounts. The policies adopted for the recognition of turnover are as follows:

Turnover represents rental and service charges income receivable in the year net of rent and service charge losses from voids, revenue grants from the government (local authorities) and the Homes and Communities Agency and other income from trading.

Government grants are received in respect of purchasing fixed assets. These grants are recognised at the fair value of the asset received or receivable. The assets are accounted for using the cost model and the government grant is accounted for using the accruals model. The difference between the fair value of the asset and the consideration is recognised as a liability and amortised over the useful economic life of the asset. This amortisation is recognised within turnover. Where disposal of government donated assets are required to be recycled, a liability is included to recognise this obligation.

Grants received as a contribution to revenue expenditure are recognised in the statement of comprehensive income on a systematic basis over the period in which the organisation recognises the related costs for which the grant is intended to compensate. Grants are recognised in the same period as the related expenditure provided the conditions for receipt have been satisfied and there is reasonable assurance that the grant will be received.

Other income streams are recognised when the society is legally entitled to the income after any performance conditions have been met, the amount can be measured reliably and it is probable that the income will be received. More detail on specific elements of other income streams are provided below.

For donations to be recognised the society will have been notified of the amounts and the settlement date in writing. If there are conditions attached to the donation and this requires a level of performance before entitlement can be obtained then income is deferred until those conditions are fully met or the fulfilment of those conditions is within the control of the society and it is probable that they will be fulfilled. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

No amount is included in the financial statements for the volunteer time of friends in line with the principles of the Charities SORP (FRS 102), although the society is not following this SORP.

Donated facilities and donated professional services are recognised in income at their fair value when their economic benefit is probable, it can be measured reliably and the society has control over the item. Fair value is determined on the basis of the value of the gift to the society. For example the amount the society would be willing to pay in the open market for such facilities and services. A corresponding amount is recognised in expenditure.

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

Gifts in kind donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. Where estimating the fair value is practicable upon receipt it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impracticable to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

For legacies, entitlement is the earlier of the society being notified of an impending distribution or the legacy being received. At this point income is recognised. On occasion legacies will be notified to the society however it is not possible to measure the amount expected to be distributed. On these occasions, the legacy is treated as a contingent asset and disclosed as a note.

Income from fundraising events and trading activities to raise funds for the society is received in exchange for supplying goods and services in order to raise funds and is recognised when entitlement has occurred.

Interest income is recognised using the effective interest method. Any associated income tax recoverable is recognised at the same time as interest income is receivable.

(k) Expenditure recognition

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably.

Irrecoverable VAT is charged as an expense against the activity for which expenditure arose.

(l) Employee benefits

When employees have rendered a service to Julian House, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

Julian House participates in the Social Housing scheme, a multi employer defined benefit scheme. The plan's actuary has advised that it is not possible to separately identify the assets and liabilities relating to Julian House, therefore the scheme is accounted for as a defined contribution scheme.

As described in note 22 Julian House has a contractual obligation to make pension deficit payments, accordingly this is shown as a liability in these accounts.

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

(m) Restricted reserves

Restricted reserves are those reserves which are only expendable in accordance with the wishes of the funder or regulatory body. Restricted reserves include funds raised in response to a specific appeal. Revenue and expenditure cannot be directly set against restricted reserves but is taken through the statement of comprehensive income and then a transfer to restricted reserves is made as appropriate.

(n) Going concern

The financial statements have been prepared on a going concern basis as the Trustees believe that no material uncertainties exist. The Trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient with the level of reserves for the society to be able to continue as a going concern.

(o) Judgements and key sources of estimation uncertainty

The key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities include obligations under defined benefit pension schemes (see note 22) and the split and useful lives of components of social housing and other fixed assets.

2. SOCIAL HOUSING TURNOVER AND COSTS (JULIAN HOUSE AND GROUP)

| | 2018 £ | 2017 £ |
|--|-----------------|-----------------|
| Rent receivable after voids but excluding service charges | 1,106,910 | 987,331 |
| Service charges receivable | 49,382 | 52,012 |
| Revenue grants receivable | 490,642 | 416,143 |
| Social Housing activity expenditure | (1,586,333) | (1,534,811) |
| Operating surplus / (deficit) from social housing activities | <u>60,601</u> | <u>(79,325)</u> |
| Rent losses from voids | <u>(76,841)</u> | <u>(86,922)</u> |

3. ACCOMODATION OWNED AND IN MANAGEMENT

| | 2018 Property Units | 2017 Property Units |
|-------------------|---------------------------|---------------------------|
| Supported Housing | <u>131</u> | <u>114</u> |

JULIAN HOUSE

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

4. INCOME FROM NON SOCIAL HOUSING ACTIVITIES

| | Julian House Group | | Julian House | |
|---------------------------|--------------------|------------------|------------------|------------------|
| | 2018 | 2017 | 2018 | 2017 |
| | £ | £ | £ | £ |
| Other contracted income | 898,052 | 349,067 | 898,052 | 349,067 |
| Fundraising and donations | 748,965 | 797,378 | 549,998 | 619,180 |
| Legacies | 217,785 | 84,410 | 217,785 | 84,410 |
| Charity shops | 552,267 | 467,277 | 552,267 | 467,277 |
| Julian House Trading | 515,065 | 483,913 | - | - |
| Other | 24,564 | 14,876 | 19,795 | 11,556 |
| | <u>2,956,698</u> | <u>2,196,921</u> | <u>2,237,897</u> | <u>1,531,490</u> |

5. INTEREST RECEIVABLE AND SIMILAR INCOME

| | Julian House Group | | Julian House | |
|---------------------------------------|--------------------|------------|--------------|------------|
| | 2018 | 2017 | 2018 | 2017 |
| | £ | £ | £ | £ |
| Bank interest receivable | 2,197 | 909 | 2,197 | 909 |
| Intercompany loan interest receivable | - | - | 674 | (223) |
| | <u>2,197</u> | <u>909</u> | <u>2,871</u> | <u>686</u> |

The £223 negative loan interest shown in 2017 relates to an adjustment for over paid interest in prior years.

6. INTEREST PAYABLE AND SIMILAR CHARGES

| | Julian House Group | | Julian House | |
|---------------------------|--------------------|---------------|---------------|---------------|
| | 2018 | 2017 | 2018 | 2017 |
| | £ | £ | £ | £ |
| Bank loans and overdrafts | 18,971 | 17,546 | 18,971 | 17,546 |
| Pension interest charge | 1,226 | 2,052 | 1,226 | 2,052 |
| | <u>20,197</u> | <u>19,598</u> | <u>20,197</u> | <u>19,598</u> |

JULIAN HOUSE

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

7. SURPLUS / (DEFICIT) ON ORDINARY ACTIVITIES

| | Julian House Group | | Julian House | |
|---|--------------------|---------|--------------|-----------|
| | 2018 | 2017 | 2018 | 2017 |
| The operating surplus is arrived at after charging: | £ | £ | £ | £ |
| Depreciation - other fixed assets | 186,191 | 156,148 | 147,268 | 124,130 |
| Depreciation - social housing properties | 15,927 | 14,401 | 15,927 | 14,401 |
| Loss on disposal of fixed assets | 6,635 | - | - | - |
| Auditors remuneration - audit fee | 12,400 | 11,206 | 10,600 | 10,380 |
| Provision on intercompany loans | - | - | - | (104,000) |
| Movement in pension deficit liability | (1,249) | 3,057 | (1,249) | 3,057 |

In 2016 the society raised a provision against the intercompany balance with its trading subsidiary on the basis it was showing an accumulated deficit. The trading subsidiary is now generating profits (after restructuring costs and depreciation has been ignored) and the organisation is therefore generating positive cashflows and the parent society is satisfied that the loan will be recovered in due course. The provision was therefore reversed in 2017.

8. BOARD AND KEY MANAGEMENT PERSONNEL REMUNERATION

The key management includes the trustees of Julian House, the non-executive directors of Julian House Trading Ltd and senior management team as detailed on page 1.

Total remuneration (including employer national insurance) for key management personnel of the society and the group amounted to £316,503 (2017: £345,464).

No remuneration was received by trustees and non-executive board members.

The highest paid director received £63,677 (2017: £62,736) remuneration (excluding pension contributions).

The Chief Executive is a member of the Social Housing Pension Scheme. He is an ordinary member of the pension scheme and no enhanced or special terms apply. The society does not make any further contribution to an individual pension arrangement for the Chief Executive.

During the year no trustees received any reimbursement of expenses (2017: £nil).

9. STAFF NUMBERS AND COSTS

| | Julian House Group | | Julian House | |
|---------------------------------------|--------------------|------------------|------------------|------------------|
| | 2018 | 2017 | 2018 | 2017 |
| | £ | £ | £ | £ |
| Wages and salaries | 2,369,001 | 1,813,843 | 1,954,313 | 1,448,444 |
| Social security costs | 178,438 | 139,022 | 151,582 | 118,453 |
| Pension costs | 36,759 | 33,480 | 32,439 | 31,948 |
| Pension deficit liability admin costs | 1,870 | 1,870 | 1,870 | 1,870 |
| | <u>2,586,068</u> | <u>1,988,215</u> | <u>2,140,204</u> | <u>1,600,715</u> |

JULIAN HOUSE

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

The average weekly number of employees, including members of the management team, calculated on a full time equivalent basis was 104 (2017 : 88).

One employee received remuneration in the £60k to £70k band in both years. No other employee received remuneration over £60k.

During the year total redundancy and severance payments of £28,000 (2017: £2,874) were made in Julian House and £9,904 (2017: £3,000) in Julian House Trading.

10. SOCIAL HOUSING PROPERTIES

JULIAN HOUSE AND JULIAN HOUSE GROUP

| | Freehold property £ |
|-----------------------|---------------------------|
| Cost | |
| At 1 April 2017 | 1,200,288 |
| Additions | 244,184 |
| At 31 March 2018 | <u>1,444,472</u> |
| Depreciation | |
| At 1 April 2017 | 88,046 |
| Charge for the year | 15,927 |
| At 31 March 2018 | <u>103,973</u> |
| Net book value | |
| At 31 March 2018 | <u>1,340,499</u> |
| At 31 March 2017 | <u>1,112,242</u> |

Social housing properties with a net book value of £1,340,499 (2017: £1,112,242) have been pledged as security for liabilities of the Organisation. These assets have restricted title.

Included within freehold property is land totalling £294,615 (2017: £236,019) which is not depreciated.

JULIAN HOUSE

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

11. OTHER TANGIBLE FIXED ASSETS

JULIAN HOUSE GROUP

| | Freehold property £ | Leasehold property £ | Motor vehicles £ | Fixtures fittings and equipment £ | Total £ |
|-----------------------|---------------------------|----------------------------|------------------------|--|------------------|
| Cost | | | | | |
| At 1 April 2017 | 1,309,313 | 695,446 | 36,031 | 448,313 | 2,489,103 |
| Additions | 19,091 | 48,737 | 7,345 | 149,018 | 224,191 |
| Disposals | - | (5,410) | (10,645) | (17,340) | (33,395) |
| At 31 March 2018 | <u>1,328,404</u> | <u>738,773</u> | <u>32,731</u> | <u>579,991</u> | <u>2,679,899</u> |
| Depreciation | | | | | |
| At 1 April 2017 | 271,546 | 224,045 | 15,589 | 260,641 | 771,821 |
| Charge for the year | 38,424 | 58,065 | 6,623 | 83,079 | 186,191 |
| On disposals | - | (1,330) | (6,562) | (11,240) | (19,132) |
| At 31 March 2018 | <u>309,970</u> | <u>280,780</u> | <u>15,650</u> | <u>332,480</u> | <u>938,880</u> |
| Net book value | | | | | |
| At 31 March 2018 | <u>1,018,434</u> | <u>457,993</u> | <u>17,081</u> | <u>247,511</u> | <u>1,741,019</u> |
| At 31 March 2017 | <u>1,037,767</u> | <u>471,401</u> | <u>20,442</u> | <u>187,672</u> | <u>1,717,282</u> |

JULIAN HOUSE

| | Freehold property £ | Leasehold property £ | Motor vehicles £ | Fixtures fittings and equipment £ | Total £ |
|-----------------------|---------------------------|----------------------------|------------------------|--|------------------|
| Cost | | | | | |
| At 1 April 2017 | 1,309,313 | 572,912 | - | 338,005 | 2,220,230 |
| Additions | 19,091 | 23,721 | 2,345 | 123,857 | 169,014 |
| At 31 March 2018 | <u>1,328,404</u> | <u>596,633</u> | <u>2,345</u> | <u>461,862</u> | <u>2,389,244</u> |
| Depreciation | | | | | |
| At 1 April 2017 | 271,546 | 170,077 | - | 217,502 | 659,125 |
| Charge for the year | 38,424 | 44,996 | - | 63,848 | 147,268 |
| On disposals | - | - | - | - | - |
| At 31 March 2018 | <u>309,970</u> | <u>215,073</u> | <u>-</u> | <u>281,350</u> | <u>806,393</u> |
| Net book value | | | | | |
| At 31 March 2018 | <u>1,018,434</u> | <u>381,560</u> | <u>2,345</u> | <u>180,512</u> | <u>1,582,851</u> |
| At 31 March 2017 | <u>1,037,767</u> | <u>402,835</u> | <u>-</u> | <u>120,503</u> | <u>1,561,105</u> |

JULIAN HOUSE

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

12. INVESTMENT IN SUBSIDIARY

As required by statute, the financial statements consolidate the results of Julian House Trading Limited, which is a company registered in the United Kingdom, and which is a wholly owned subsidiary of the society. The society has the right to appoint members to the boards of the subsidiary and thereby exercises control over it. Julian House is the ultimate parent undertaking.

| | Julian House | |
|--|--------------|------------|
| | 2018 | 2017 |
| | £ | £ |
| Shares in Julian House Trading Limited | <u>£ 2</u> | <u>£ 2</u> |

At the year end, the aggregate capital and reserves of the company amounted to minus £135,937 and loss for the year amounted to £87,664.

13. STOCK

| | Julian House Group | | Julian House | |
|--------------|--------------------|---------------|--------------|--------------|
| | 2018 | 2017 | 2018 | 2017 |
| | £ | £ | £ | £ |
| Retail stock | <u>71,677</u> | <u>70,269</u> | <u>9,806</u> | <u>8,403</u> |

14. DEBTORS

| | Julian House Group | | Julian House | |
|---|--------------------|----------------|------------------|----------------|
| | 2018 | 2017 | 2018 | 2017 |
| | £ | £ | £ | £ |
| Due within one year | | | | |
| Trade debtors (gross social housing rent arrears) | 89,921 | 57,080 | 89,921 | 57,080 |
| Less: provision for doubtful debt | (15,771) | (27,837) | (15,771) | (27,837) |
| Trade debtors (others) | 566,236 | 504,244 | 559,305 | 481,677 |
| Amounts owed by group undertakings | - | - | 64,850 | 72,250 |
| VAT | 799 | 4,607 | 3,561 | 3,041 |
| Prepayments and accrued income | 121,019 | 124,508 | 101,277 | 97,499 |
| Other debtors | 62,659 | 30,156 | 61,273 | 29,978 |
| Due after more than one year | | | | |
| Amounts owed by group undertakings | - | - | 331,951 | 190,522 |
| | <u>824,863</u> | <u>692,758</u> | <u>1,196,367</u> | <u>904,210</u> |

Amounts owed by group undertakings include formal intercompany loans totalling £190,442 on which interest is charged at Bank of England base rate.

JULIAN HOUSE

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

15. CREDITORS

| | Julian House Group | | Julian House | |
|------------------------------------|--------------------|----------------|----------------|----------------|
| | 2018 | 2017 | 2018 | 2017 |
| | £ | £ | £ | £ |
| Due within one year | | | | |
| Bank loans | 55,195 | 54,661 | 55,195 | 54,661 |
| Trade creditors | 64,870 | 101,271 | 54,234 | 55,831 |
| Other taxation and social security | 45,118 | 38,161 | 45,118 | 38,181 |
| Other creditors | 35,933 | 33,102 | 35,933 | 30,985 |
| Accruals and deferred income | 668,254 | 694,867 | 656,939 | 571,035 |
| Pensions liability | 13,058 | 12,585 | 13,058 | 12,585 |
| | 882,428 | 934,647 | 860,477 | 763,278 |

16. CREDITORS

| | Julian House Group | | Julian House | |
|-------------------------------------|--------------------|----------------|----------------|----------------|
| | 2018 | 2017 | 2018 | 2017 |
| | £ | £ | £ | £ |
| Due after more than one year | | | | |
| Bank loans | 708,409 | 759,798 | 708,409 | 759,798 |
| Pension liability | 73,313 | 86,394 | 73,313 | 86,394 |
| | 781,722 | 846,192 | 781,722 | 846,192 |

Julian House has three mortgages, two with Triodos bank and one with Bank of Scotland. Bank loans / mortgages are secured by fixed charges on individual properties.

The mortgages are repayable monthly and interest is payable at 2.25% above base rate for the Triodos mortgages (with a minimum rate of 2.5%) and 1.3% above base rate for the Bank of Scotland mortgage.

The mortgages include aggregate amounts of £473,790 (2017: £528,505) which fall due in more than five years and which are payable by instalments.

17. OPERATING LEASE COMMITMENTS

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

| | Julian House Group | | Julian House | |
|--|--------------------|----------------|----------------|----------------|
| | 2018 | 2017 | 2018 | 2017 |
| | £ | £ | £ | £ |
| Not later than one year | 305,842 | 221,255 | 254,331 | 190,184 |
| Later than one and not later than five years | 352,091 | 158,716 | 296,713 | 100,567 |
| Later than five years | 16,917 | 106,917 | 16,917 | 106,916 |
| | 674,850 | 486,888 | 567,961 | 397,667 |

JULIAN HOUSE

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

Julian House has several properties which they occupy for the duration of the associated contracted income. No commitment has been quantified for these properties on the basis that if the contracts were terminated then occupation of the properties would cease immediately. No commitment has been included either for any properties held on tenancies at will.

18. SHARE CAPITAL

| Ordinary shares of £1 each | Number | £ |
|-----------------------------------|-----------|-----------|
| Allotted called up and fully paid | | |
| At 1 April 2017 | 11 | 11 |
| Issued during the year | 1 | 1 |
| Redeemed during the year | (2) | (2) |
| At 31 March 2018 | <u>10</u> | <u>10</u> |

Shares in Julian House are neither redeemable nor transferable, carry no right to interest, dividend or bonus, and do not entitle the owner to participate in the company's assets other than to the extent of the nominal value. Each member holds one share only in Julian House.

19. INCOME AND EXPENDITURE RESERVE

This represents cumulative surplus and deficits net of other adjustments.

Income and Expenditure Reserve

| | Julian House Group £ | Julian House £ |
|--|-------------------------------|----------------------|
| At 1 April 2017 | 2,655,633 | 2,703,907 |
| Total income (turnover and bank interest) | 4,605,829 | 3,887,702 |
| Total expenditure (operating expenditure and interest payable) | (4,504,642) | (3,698,851) |
| Reserves Carried forward | <u>2,756,820</u> | <u>2,892,758</u> |

20. RESTRICTED RESERVES

Revenue and expenditure cannot be directly set against restricted reserves but is taken through the statement of comprehensive income and then a transfer to restricted reserves is made as appropriate. Details of any restricted income received and spent in the year and unspent at the year end are provided below:

JULIAN HOUSE

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

Julian House and Julian House Group

There were no restricted funds to carry forward at the year end date. Details of restricted monies received and spent in the year are as follows:

Year ended 31 March 2018

| | Received in year £ | Spent in year £ | Transfers £ | Net in year movement £ |
|--------------------------------------|--------------------------|-----------------------|----------------|------------------------------|
| Renew | 10,000 | (10,000) | - | - |
| Outreach female mental health worker | 23,805 | (23,805) | - | - |
| Dry house | 15,000 | (15,000) | - | - |
| Julian House Trading | 195,693 | (195,693) | - | - |
| | <u>244,498</u> | <u>(244,498)</u> | <u>-</u> | <u>-</u> |

Year ended 31 March 2017

| | Received in year £ | Spent in year £ | Transfers £ | Net in year movement £ |
|--------------------------------------|--------------------------|-----------------------|----------------|------------------------------|
| Refuge | 15,000 | (15,000) | - | - |
| Outreach female mental health worker | 11,185 | (11,185) | - | - |
| Employment support | 8,347 | (8,347) | - | - |
| Dry house | 10,000 | (10,000) | - | - |
| Julian House Trading | 176,834 | (176,834) | - | - |
| | <u>221,366</u> | <u>(221,366)</u> | <u>-</u> | <u>-</u> |

In addition during the year ended 31 March 2017 two brought forward restricted funds, a restricted capital reserve of £228,422 and New Highway fund of £36,193 were transferred to the income and expenditure account. The restricted capital reserve was transferred on the basis that the restriction on the assets had been satisfied and the New Highway fund on the basis that the funds were fully spent by 31 March 2017.

Restricted reserve descriptions

Renew

A restricted donation to support women and their children who were experiencing domestic abuse.

Outreach female mental health worker

A Specialist Female Support Worker who is the consistent support for women during their journey from rough sleeping and throughout their stay in the hostel in order to successfully maintain mixed gender hostel life, addresses complex issues such as substance misuse, offending, mental health, domestic abuse and sexual exploitation with the ultimate aim of supportively moving on and achieving their potential.

NOTES TO THE FINANCIAL STATEMENTS
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Dry house

St Vincent is a total abstinence supported housing project that accepts individuals that have had very complicated and troubled pasts as a result of substance misuse. Having experienced more difficulties and troubles than many of us can comprehend, they have made the conscious decision to turn their lives around and put their addiction behind them. We offer them a home and structured support programme for two years to help them start again.

Julian House Trading

Julian House has a wholly owned subsidiary, Julian House Trading (JHT), registered company number 3450273. JHT's mission is to operate viable social enterprises which provide quality skills development opportunities, work experience placements, employment support and jobs for socially excluded people, to further the objectives of Julian House. JHT's existing social enterprises are in Bath, Bristol, Trowbridge and Erlestoke Prison.

Refuge

To provide a total of units of Refuge accommodation with Enhanced Housing Management support in B&NES for clients (women and men), affected by domestic abuse who may also have additional needs.

Employment support

To provide a specialist part-time Employment Support Worker to support disadvantaged and socially excluded people with multiple and complex needs who face significant barriers to employment.

Capital reserves

Capital reserves represented funds used to refurbish the Hostel in a prior year. As the money has been spent and the original restriction had been satisfied a transfer was made in the prior year to move the balance on this reserve to the income and expenditure reserve.

New Highway

This represented funds totalling £80,000 received from New Highway to provide training services in acupuncture and related areas for those suffering from drug and alcohol misuse in line with New Highway's charitable objectives. These services were provided at our projects in Bristol and Bath and money was fully spent by 31 March 2017.

21. RECONCILIATION OF OPERATING SURPLUS / (DEFICIT) TO CASH FLOW FROM OPERATING ACTIVITIES

| | 2018 | 2017 |
|------------------------------------|----------------|----------------|
| | £ | £ |
| JULIAN HOUSE GROUP | | |
| Surplus for the year | 101,187 | 64,899 |
| Depreciation charges | 202,118 | 170,549 |
| Interest receivable | (2,197) | (909) |
| Interest payable | 20,197 | 19,598 |
| Loss on disposal of fixed assets | 6,635 | - |
| Decrease / (increase) in stock | (1,408) | (18,878) |
| Decrease / (increase) in debtors | (132,105) | (525,283) |
| Increase / (decrease) in creditors | (65,834) | 558,159 |
| | <u>128,593</u> | <u>268,135</u> |

NOTES TO THE FINANCIAL STATEMENTS
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22. PENSION COMMITMENTS

Social Housing Pension Scheme

Julian House participates in the scheme, a multi-employer scheme which provides benefits to some 500 non-associated employers. The scheme is a defined benefit scheme in the UK. It is not possible for the society to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore the society is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial valuation for the scheme was carried out with an effective date of 30 September 2014. This actuarial valuation was certified on 23 November 2015 and showed assets of £3,123m, liabilities of £4,446m and a deficit of £1,323m. To eliminate this funding shortfall, the trustees and the participating employers have agreed that additional contributions will be paid, in combination from all employers, to the scheme.

The scheme's previous valuation was carried out with an effective date of 30 September 2011; this valuation was certified on 17 December 2012 and showed assets of £2,062m, liabilities of £3,097m and a deficit of £1,035m. To eliminate this funding shortfall, payments consisted of the Tier 1, 2 & 3 deficit contributions.

Where the scheme is in deficit and where the society has agreed to a deficit funding arrangement, the society recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

| | 2018 | <i>2017</i> |
|--|-----------------|-----------------|
| | £ | £ |
| Reconciliation of opening and closing liability | | |
| Opening liability | 98,979 | <i>106,000</i> |
| Unwinding of the discount factor (interest expense) | 1,226 | <i>2,052</i> |
| Deficit contribution paid | (12,585) | <i>(12,130)</i> |
| Remeasurements - impact of any change in assumptions | (1,249) | <i>3,057</i> |
| Closing liability | 86,371 | <i>98,979</i> |

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

Assumptions

| | Percentage per annum | | |
|------------------|-----------------------------|------------------|------------------|
| | 31-Mar-18 | 31-Mar-17 | 31-Mar-16 |
| Rate of discount | 1.72 | 1.33 | 2.06 |

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

The Pensions Trust Growth Plan

Julian House also participates in the Pensions Trust Growth Plan scheme, a multi-employer scheme which provides benefits to some 1,300 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for the society to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

No deficit contributions are payable by Julian House in respect of this scheme, and therefore no liability in respect of deficit contributions is required.

23. EVENTS AFTER THE END OF THE PERIOD

Post year end Julian House took out a loan for £161,000 with Triodos bank. Interest is payable at 3% above base rate with a minimum rate of 3.5%.

24. RELATED PARTY TRANSACTIONS

The society has taken advantage of the exemptions afforded by Financial Reporting Standard FRS 102 and not disclosed transactions with group undertakings. Any such transactions are eliminated on consolidation.

Barry Hughes is a trustee of Julian House and group chief executive of Selwood Housing Group. Julian House Trading (JHT) provided a window cleaning service to Selwood Housing with a contract value of approximately £30,000 per annum. This ceased during 2017. During the year sales to Selwood Housing Group were £4,668 (2017: £29,078) in total.

Sue Porto, a trustee of Julian House from February 2017 until June 2018, is the chief executive of St John's Foundation. During the year grants totalling £23,805 (2017: £11,185) and £13,490 (2017: £14,173) were received by Julian House and Julian House Trading respectively. At the year end date further grants totalling £29,973 (2017: £26,055) and £nil (2017: £13,490) received from St John's Foundation were included in deferred income.

The trustee, Matthew Graham, is also a partner of Mowbray Woodwards solicitors. During the year purchases totalling £2,154 (2017: £3,475) were made from and donations and fundraising income totalling £780 (2017: £4,020) were received from Mowbray Woodwards.

All our business is conducted on an arm's length basis.