
REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

Look Ahead Care and Support Limited
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**A charitable housing association,
registered under the Co-operative and
Community Benefit Societies Act 2014: No.
21004R.**

**Registered with the Homes and
Communities Agency: No. LH0013.**

LOOK AHEAD CARE AND SUPPORT LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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LOOK AHEAD CARE AND SUPPORT LIMITED

PARTICULARS OF THE BOARD OF MANAGEMENT, OFFICERS AND ADVISORS

Board of Management

Julie Jones CBE (Chairman)

Appointed:
as Board Member: 2012
as Chairman of the Board: 28 June 2017

Trustee – *Sir Simon Milton Foundation*
Non-Executive Director – *Open Door Homes*
Member – *ADASS Associates*

Jane Hives (Chairman – Audit & Risk Committee)

Appointed:
as Board Member: 2012
as Chairman of the Performance Review Committee: 2012

Chartered Accountant and Consultant
Volunteer Treasurer – *The Pixel Fund*

Graham Buckland - (Chairman – Investment & Treasury Committee)

Appointed:
as Board member: 2014
as Chairman of Investment & Treasury Committee: 2018

Non Executive Director – *AIB Group (UK) plc*

Chris Dobson

Appointed: 2014

Associate Partner – *EY LLP*

Sean Duggan – (Chairman – Remuneration Committee)

Appointed:
as Board Member 2012
as Chairman of the Remuneration Committee: 2015

Chief Executive Officer – *Mental Health Network, NHS Confederation*

Tom Dacey

Co-opted: 30 November 2017
Appointed: 17 July 2018

Former Chief Executive – *Southern Housing Group*
Chair – *MP Living*
Board member – *Aldwyck Housing Group*

Richard Jones CBE

Co-opted: 6 February 2018
Appointed: 17 July 2018

Chair - *Shared Lives Plus*
Non Executive Director - *Anchor Trust*
Chair - *Syncora*
Trustee - *Action on Hearing Loss*
Associate Member of *ADASS*

Sharon Slotnick

Appointed: 2 October 2018

Magistrate
Case Manager, the *Legal Aid Agency*
Independent Visitor, *The Office of the Public Guardian*

Ellie Edwards-Scott

Appointed: 2 October 2018

Digital Consultant and founding partner of *The Advisory Collective*

LOOK AHEAD CARE AND SUPPORT LIMITED

PARTICULARS OF THE BOARD OF MANAGEMENT, OFFICERS AND ADVISORS

Chief Executive and Senior Leadership Team

Chris Hampson

Chief Executive Officer

Appointed: 2015

Tahseen Sherwani

Chief Financial Officer

Appointed: 2018

Guy Robinson

Director of Housing & Support

Appointed: 2015

Alex Seery

Director of Care

Appointed: 2016

Julie Blair

Director of People

Appointed: 2016

Irmani Smallwood

Director of Business Development & Innovation

Appointed: 2016

LOOK AHEAD CARE AND SUPPORT LIMITED

PARTICULARS OF THE BOARD OF MANAGEMENT, OFFICERS AND ADVISORS

Solicitors

Devonshires
Salisbury House
London Wall
London
EC2M 5QY

Bankers

Barclays Bank PLC
1 Churchill Place
London
E14 5HP

External auditors

RSM UK Audit LLP
Marlborough House
Victoria Road South
Chelmsford
Essex
CM1 1LN

Registration details

Homes England
Registration Number: LH0013
Co-operative and Community Benefit
Societies Act Number: 21004R

Internal auditors

BDO LLP
55 Baker Street
London
W1U 7EU

Investment managers

**Rothschild Wealth Management (UK)
Limited**
New Court
St Swithin's Lane
London
EC4N 8AL

Registered office

Kings Buildings
16 Smith Square
London
SW1P 3HQ

LOOK AHEAD CARE AND SUPPORT LIMITED

REPORT OF THE BOARD OF MANAGEMENT

Look Ahead Care and Support Limited (“Look Ahead”) is registered under the Co-operative and Community Benefit Societies Act and is a Registered Provider under the Housing and Regeneration Act 2008. Look Ahead Developments Limited and Larch Residential Services Limited are wholly owned subsidiaries of Look Ahead Care and Support Limited (‘the Association’, together ‘the Group’). Group Accounts have been prepared for the year ended 31 March 2019 under the requirements of the Co-operative and Community Benefit Societies Act.

Principal activities

Look Ahead is a specialist housing association providing supported housing and social care services for vulnerable people within the community. Our core purpose is to work in partnership with the NHS and local authorities to provide an integrated housing, support and care service across our four core client groups; mental health, learning disabilities, young people and rough sleepers. All existing and new accommodation operated by Look Ahead is predominantly linked to a care or support package.

Our mission is “working with people to make choices, achieve goals and take control of their lives through high quality care, support and housing.” Our ability to deliver this is dependent on our continued long term financial strength and viability. We aim to deploy Look Ahead’s financial strength, its asset base and income streams, to grow our services and transform the lives of increasing numbers of vulnerable people. We are pursuing a strategy of sustainable and managed growth and driving an agenda for improving efficiency across our services and central support functions to achieve Value For Money. We re-invest any surplus funds in improving front line services and promoting customer choice and independence through personalised services.

Look Ahead Developments was incorporated in February 2008 and provides construction, design and build services to Look Ahead Care and Support. Most recently it has begun work on two projects which are both in the design phase. These are based in Caterham and Kensington & Chelsea.

Larch Residential Services was incorporated in October 2018 and provides private residential lettings. Profits generated in this subsidiary will be donated to Look Ahead through the gift aid scheme.

Results for the year

The Board of Management has the pleasure in presenting its report and financial statements for the group for the year ended 31 March 2019. The results for the year show a strong performance on operating surplus of £1,153,000 (2018: £477,000). This result is a reflection of improved performance across several areas that have been a key priority over the last year, including voids and bad debts performance, addressing support salary overspends and efficiency reviews. Total surplus has increased to £3,824,000 (2018: £703,000) as a result of unrealised gains made in our investment portfolio and movement in the number and value of investment properties held.

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Review of the business

Look Ahead has a unique offer within the communities we operate as a housing association. Our services cut across the social care, housing and health divide, providing truly integrated services that not only improve independence and quality of life, but also saves the public purse in its provision of social care services within hospitals and NHS facilities.

In what continues to be a challenging environment, despite absorbing a number of financial pressures during the year, Look Ahead delivered improved financial results in 2018/19. Our top line income grew to £60.2 million from £57.4 million in the previous year, whilst our operating surplus in 2018/19 at £1.2 million compared favourably with £0.5 million in the previous year.

Look Ahead is midway through its five year business strategy with a clear priority to improve our financial strength, positioning the organisation to reinvest back into services which support our social purpose and mission. In the midst of Social Care reform and Government austerity eroding margins over the last decade, Look Ahead's strategy is aimed at expanding our care and support services for those who have higher acuity needs and increasing our asset base across London and the South East.

Indeed, within the last 12 months Look Ahead has significantly accelerated its focus on the acquisition of asset backed businesses delivering high quality care and support for vulnerable customers. Providing statutory services that have wider referral routes and more secure future income streams underpins our care and support services expansion.

A detailed review of our property asset base across London and the South East has uncovered a number of interesting redevelopment options which would not only preserve our care and support provision at these sites but also provide us with the opportunity to build a significant number of additional units for both general needs and private rental sector income. During the last year we have assessed two key sites in particular for redevelopments which are currently in feasibility stage. As our development expertise grows we anticipate that we will inevitably turn our attention to further sites.

Our appetite for growing our asset base has been further supported by Look Ahead actively exploring stock acquisition opportunities from other housing associations across London and the South East.

Alongside these external focus areas we have begun to see the benefits come through of our business transformation programme at Look Ahead. Implementations of a new housing management system and HR system have been delivered successfully, both of which will deliver operational efficiencies in Look Ahead. We have invested resources in our performance and analytics team; using the data available from the new systems to monitor performance more accurately and in a timely manner has had a direct impact on the improved performance across our KPI results.

During the last year Look Ahead instigated an organisation-wide internal efficiency programme to review our contract performance across our services in addition to taking a

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detailed look at our procurement processes and frameworks. Our financial performance in 2018/19 reflects early gains from this programme; we expect the following twelve months to continue to deliver accretive benefits to Look Ahead.

We have invested heavily in our Customer Service proposition and a new Customer Contact Centre began operating in 2018. Our close interaction with customers will further increase through the formation of a new Tenant and Landlord Panel which will comprise not only our customers, employees and Senior Executives but also our Board members.

Each of these focus areas during 2018/19 have iteratively combined to produce a strong year of growth for Look Ahead, with ongoing initiatives in place expected to bear fruit over the following year.

During 2018/19 Look Ahead retained its V1/G1 status.

Growth Highlights

In 2018/19 we were successful in winning £6.0 million of net new business growth against a target of £5.0 million. This includes winning a large Learning Disability service in a new Borough and two services within different specialisms in Boroughs that we only have a small presence. The in-year income growth was £2.9 million. In addition to the growth we were able to retain all five of our existing contracts that were re-tendered in the year. We supported almost 6,400 customers throughout the year and over 1,100 customers moved on from our support in a planned way.

We also redeveloped 16 units for use for care leaver schemes. These schemes allow young people to live semi-independently whilst receiving the support that they need and developing lifeskills. Of the current 57 care leaver placements we have, 48 are open to out of borough referrals, allowing a greater number of people to access invaluable support. We also redeveloped two of our existing units for use by people with complex needs under the transforming care programme.

In the year we were awarded four large services in Kent, working in collaboration with Kent County Council and District representatives. We will transform and develop the pathway of adult and young people's homeless services across Kent, working as a prime contractor responsible for oversight of all provision within this area. These services will not only deliver innovative solutions across the county but also deliver financial efficiencies over the contract life.

Commitment to improved outcomes and quality

Look Ahead supports customers from four main client groups with a wide range of support needs; each customer has an individualised support plan which sets out what they want to achieve in order to live more independently. In the financial year, we achieved these positive outcomes:

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Customers who...	2017/18	2018/19	Movement
took part in training	244	292	48
participated in work	161	243	82
were in work when they left our support	99	172	73
had maximised their income by claiming the right benefits & reducing debts	539	571	32

Underpinning our services is a key commitment to ensuring that we are consistently delivering a high-quality offering to our customers. Since 2017 we have strengthened our approach to governance for safeguarding and serious incidents and made our internal quality audit processes and thresholds more challenging. These actions have ensured that our services must now meet higher standards than CQC ratings to achieve “good” or “outstanding” in our internal assessment system. The table below shows our performance against target for the key metrics that our Board have decided are the most important in determining how effective Look Ahead’s services are:

Effectiveness - quality of services delivered to our customers	Target	2016	2017	2018	2019
% Services rated as 'outstanding' or 'good'	85%	70%	90%	83%	85%
No. of services rated "overall" as 'inadequate' by CQC	0	0	0	0	0

We have strengthened our Customer Experience Directorate to give greater focus to the entire customer experience. Our new contact centre has allowed us to engage closer with customers and increased collaboration in the form of joint committees. Over the past 12 months we have trained 70 Peer Support Volunteers, of which 50 were successfully placed in our support services.

We are keen to improve routes into employment for customers and those with lived experience; one way of doing this is through work experience placements. We are currently piloting two placements in our central services. We have also had seven of our peer support volunteers move to paid employment with Look Ahead.

Recognition for our services continue and our schemes delivering support for vulnerable customers at Tower Hamlets Crisis House, Nimrod House in Newham and Tabard Court in Tower Hamlets have received notable nominations at both the UK Housing Awards and the Housing Heroes Awards.

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Investment in our people and property assets

2018/19 was the second year of a three year People Strategy. Our focus in the last year has been on effective staff recruitment, internal development and succession planning. Despite annual increments in pay of around 3-4%, we have continued to pay both London and National Living Wage, supported by formal staff recognition awards and initiatives.

Voluntary staff turnover remains high at 29% (London benchmark data is at 30%). For 2019/20 we have reviewed our reward strategy to address key issues identified from exit interviews and staff feedback. Retaining and developing valuable members of staff is crucial to our future success and for high quality service delivery. We developed and launched new online HR, learning & development and recruitment software. This gives managers more control over their staff information and recruitment process. It also facilitates easier internal recruitment.

We reviewed our induction process in the year; staff must now attend four days of mandatory training before commencing work in services. We are committed to investing in our staff; in the year the average cost of training per individual increased to £295 from £225 in 2017/18.

During the year we have had 73 employees graduate from the Institute of Leadership & Management (ILM) programme. The programme supports movement through career pathways at Look Ahead, with modules covering both practical and theoretical learning for our future leaders. There were 19 internal promotions as a result. Our Senior Operational Managers have been through a six month leadership programme, giving them the skills to lead the organisation.

This year we have also taken on nine apprentices, working towards qualifications in health and social care, adult care and business administration. We have a further 30 employees accessing training through the government apprenticeship levy scheme.

We continue to invest in our property assets, ensuring that we maximise financial return whilst fulfilling our social purpose. In the year we invested £2.5 million to redevelop existing sites, £1.6 million on compliance, £1.3 million on component replacement and £0.7 million on furniture and white goods. Look Ahead also set up a subsidiary in the year that provides private residential lettings. Its profits are donated through Gift Aid back to Look Ahead, helping it deliver valuable support services to some of the most vulnerable in our society.

Driving improved financial performance

A key corporate priority for Look Ahead is that we will be financially strong, enabling investment in our services, properties and people. The following table depicts key performance data for 2018/19:

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Financial efficiency and economy:	2016	2017	2018	2019
Contract income collection	90%	92%	91%	91%
Void %	7.1%	6.3%	7.0%	5.3%
Net arrears of current tenants	7.8%	6.9%	8.9%	8.9%
Bad debt %	4.1%	5.1%	3.9%	3.3%
Agency staff as % of total staff spend	5.7%	2.5%	3.4%	3.2%
Voluntary staff turnover	30%	27%	27%	29%
Overheads as % of turnover	13.9%	14.6%	15.6%	15.5%

Our contract income collection remained the same as 2017/18 at 91%. Many of our commissioners pay in arrears, so this result is not surprising. In the last quarter of the year we invested in software that will help automate the contract income collection process.

We face a particular challenge in managing voids as many of our commissioners expect our customers to move on within two years. In 2018/19 we had 1,009 relets from the 2,236 supported housing units we manage; 41% turnover compared with about 8% of general needs properties. Despite this challenge, we have achieved our overall void loss target of 5.3% of rent and service charge income. This was a much better result than the previous financial year, achieved through improved processes and systems in both properties we own and those that we manage on behalf of other landlords.

	2018/19			2017/18		
	Owned	Managed	Total	Owned	Managed	Total
	£000s	£000s	£000s	£000s	£000s	£000s
Rent & Service Charge income	9,915	14,118	24,033	9,606	13,510	23,116
Voids	425	859	1,284	544	1,070	1,614
Voids %	4.3%	6.1%	5.3%	5.7%	7.9%	7.0%

We improved our bad debt performance when compared with the previous year, achieving our corporate target of 3.3%. The greatest improvement was across properties that we manage on behalf of other landlords.

	2018/19			2017/18		
	Owned	Managed	Total	Owned	Managed	Total
	£000s	£000s	£000s	£000s	£000s	£000s
Rent & Service Charge income	9,915	14,118	24,033	9,606	13,510	23,116
Bad debts	256	530	786	184	712	896
Bad debts %	2.6%	3.8%	3.3%	1.9%	5.3%	3.9%

We saw spend on agency staff as a percentage of all staff costs reduce in the year. We were slightly outside of our target, but this was attributable to a small number of services that are predominantly outside of London where recruitment presents a greater challenge. One of these services was handed back at the end of the financial year. In other areas we

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have agreed new contract rates which will enable recruitment of front line staff at higher salaries, improving recruitment and retention.

Overheads at 15.5% of turnover remain in line with similar providers and decreased by 0.1% from last year. Whilst our focus is to bring overheads down to 13% of turnover, we are still investing to enable central functions to be able to support our future growth ambition, which involves continued considerable investment in our systems and technology. Alongside our investment in the Customer Experience Directorate we also significantly enhanced our IT support function to provide helpdesk support 24/7 across London and the South East.

Look Ahead's operating surplus was £1.2 million (1.9% of turnover) for the year, a significant improvement of £0.7 million from 2017/18, reflecting not only a successful year with regard to new business wins but also in the operational efficiencies achieved.

We saw improvement in the financial performance of both our landlord service business and our support services. In our landlord business, performance improved on properties that we manage on behalf of other landlords by £0.2 million, although the challenging terms of the management agreements continue to persist affecting overall surplus. The main areas of improvement across the business were seen in our reduced void losses and operational staff salary efficiencies, both of which have been areas of focus over the year.

The surplus for properties that we own reduced slightly as a result of increased spend in compliance areas, and a slightly worse performance on bad debts, although we still exceeded our corporate target.

Social Housing Operating Margin						
	2018/19			2017/18		
	£000s	£000s	£000s	£000s	£000s	£000s
	Owned	Managed	Total	Owned	Managed	Total
Turnover	12,055	12,714	24,769	11,729	11,728	23,637
Surplus	2,902	(1,001)	1,901	2,993	(1,215)	1,779
Operating Surplus %	24.07%	(7.87%)	7.67%	25.52%	(10.20%)	7.52%

Delivering Value for Money

For Look Ahead, Value for Money means delivering services that are efficient, effective and economical. Our support services are regularly assessed as providing value for money in a highly competitive tender environment, indeed we compete against providers from both the private and non-profit sectors.

Look Ahead remains unique in that almost all of our stock is used for supported housing; this often makes us an extreme outlier compared to the sector median. As an organisation we focus on improving our own results year on year and to continue to provide value for money services.

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Over half of our income comes from delivering commissioned care and support services; 68% of this contract income has been awarded through the aforementioned tender process and our contract retention rates are extremely high, consistently being over 90%. Operating margins in our specialist care and support sector sit well below those of general needs housing providers.

The table below shows the metrics that were introduced by Regulator of Social Housing in April 2018. These metrics will be used to assess the financial health of all organisations across the sector.

		Sector Median 2017/18	2018/19	2017/18
1	Reinvestment	5.6%	4.4%	2.1%
2	New Supply Delivered - social housing units	1.2%	0.0%	0.0%
3	Gearing	43.4%	6.0%	8.0%
4	Earnings Before Interest, Tax, Depreciation, Amortisation, Major Repairs Included (EBITDA MRI) Interest Cover %	212%	(355%)	(149%)
5	Headline social housing cost per unit	£3,290	£23,440	£23,468
6	Operating Margin - Social housing lettings only	34.7%	7.67%	7.52%
7	Operating Margin – Overall	31.4%	1.9%	0.8%
8	Return on capital employed (ROCE)	4.3%	0.6%	0.4%

Reinvestment

Capital expenditure incurred in the previous financial year has been spent on redeveloping existing assets, component replacement and strengthening our compliance.

A key ongoing focus area for the last two years has been specifically related to fire prevention and a firm commitment to protecting our customers. Our attention to this issue pre-dates the recent enhanced spotlight across the sector; focussing on thorough testing and enhancements has meant that we have significantly exceeded previous levels of expenditure for fire prevention. We have set challenging KPIs which are reported widely within Look Ahead and to our Board.

Investing in property assets is essential for Look Ahead to achieve its business objectives. Look Ahead is moving forward with a strong development pipeline across our asset base to create additional units which will result in increased Reinvestment going forward.

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Gearing

The level of gearing reduced in 2018/19 to 6.0% as a result of another year of principal payments being made; no new loans were taken out in the year. As Look Ahead does very little development and has historically received large levels of housing grant, its gearing levels are lower than a general needs housing association.

An additional factor in our low gearing levels has been driven by reduced operating margins in our core services. However we expect this to increase in the coming financial year as we begin development on an existing site to generate new supported housing units which will be 50% funded through debt finance.

EBITDA MRI – Interest cover

During 2018/19 we invested heavily in our housing stock, with capex spend being £5.6 million compared with £2.7 million in 2017/18. There was a high degree of one-off capital expenditure, with additional spend on enhancing management voids which will generate future revenue streams at greater surplus levels, in addition to Look Ahead carefully focusing on its compliance commitments.

Investing in our properties is essential to ensure the longevity of Look Ahead. Our mission is to support those that are vulnerable; this core business generates very low margins. Our business plans shows that we will return to positive EBITDA MRI in the near future. However we are committed to investing in our property and maximising the returns available which will see high levels of capital expenditure in the next four years. With significant funds managed by an investment manager, we will partly be using these funds to finance our capital expenditure commitments alongside new debt.

Social Housing costs per unit

Our social housing costs per unit sit well above the sector median, over half of our costs are directly related to support costs provided by our front-line staff which do not exist within general needs housing associations. There is also not a direct correlation between the number of units we manage and the number of customers that we support; we support some customers in their own homes.

We have analysed our costs per unit between our owned properties and those managed on behalf of other housing associations, which highlights higher costs attributable to housing management agreements.

As a supported housing provider, we deliver far more services to our customers than general needs housing associations; paying for utilities, provision of furniture and higher volume of voids, due to the nature of the services. These all have an impact on the average cost per unit, demonstrating the difference of Look Ahead to other housing Associations and reiterate our previous statement of being an extreme outlier within the housing sector.

The total cost of social housing per unit has reduced by £28 since the 2017/18 figures. This has been driven by better performance in our care and support business and was achieved even after a significant increase in capitalised major repairs. Almost all the expenditure was incurred in properties that we own. Investing in our property assets and

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maximising the financial return from them is crucial, if we are going to achieve our growth strategy.

Social Housing cost per unit						
	2018/19 Owned	2018/19 Managed	2018/19 Total	2017/18 Owned	2017/18 Managed	2017/18 Total
Total units	1,234	1,142	2,376	1,251	1,182	2,433
Cost per unit	Owned	Managed	Average per unit	Owned	Managed	Average per unit
Service charges	2,853	4,936	3,854	2,428	4,222	3,330
Management	1,851	6,060	3,874	1,951	5,750	3,797
Routine maintenance	1,329	530	945	1,309	514	922
Major repairs	122	23	74	105	6	57
Capitalised major repairs	4,463	143	2,386	2,100	59	1,109
Total cost before support costs	10,617	11,692	11,133	7,893	10,551	9,185
Support & other costs			12,306			14,283
Total social housing cost including support per unit			23,440			23,468

Return on Capital Employed (ROCE)

ROCE increased from 0.4% to 0.6% in the year. Our returns reflect that although Look Ahead has a large asset base, there are however low operating margins within the care and support sector versus general needs housing providers. Given Look Ahead's strategy to generate higher surplus levels through a mixture of acquisitions, stock transfers and redevelopment opportunities, we expect our ROCE to demonstrably improve over the coming years.

Our Value for Money metrics reporting continue to illustrate Look Ahead's niche positioning amongst other Housing Associations. In recent months we have begun working closely with other providers similar to us to develop additional metrics and scorecard data which will bring more context and clarity to our stakeholders. For key housing indicators we are engaged with Housemark, on our staffing KPIs we refer to peer group and sector specific data available and finally for the quality of our services we have of course detailed inspections from the CQC.

Surpluses and reserves

Look Ahead's reserves as at the 31 March 2019 are £72.7million of which £0.2 million are restricted reserves.

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Reserves are internally generated resources which are reinvested in our support services and assets, in particular our portfolio of housing stock which requires regular investment. We have generated some one-off exceptional surpluses in the past arising from the sale of large hostel buildings. The majority of the surpluses arising from these property sales have been invested with our Investment Managers at Rothschild for the medium term with some funds earmarked to invest in our business development strategy including the acquisition of property and small businesses.

In the year there has been a change in the accounting for the Social Housing Pension Scheme (SHPS) multi employer Defined Benefit scheme. This is explained more fully in Note 17 and for Look Ahead has meant an increase in liability of £5.0 million, which has reduced reserves by the same amount.

Employees

At year end, Look Ahead's total full and part-time staffing complement stood at 939 Full Time Equivalent posts. We have 254 Personal Support Assistants registered and working within Look Ahead services supporting our strategy for more personalised services and enabling customers to exercise control and choice.

We ensure that all employees working within our services, in any of the London Boroughs, will be paid the London Living Wage rate of pay as a minimum. This is independently reviewed on an annual basis and for those employees working outside of the London boroughs, we pay the National Living Wage rate of pay.

We review our talent maps twice a year; running an annual Institute of Leadership and Management Course means approximately 40% of open management positions are filled through internal staff promotion.

We have rolled out Lone Working technology and External Support and Advice Line (ESAL) which provides counselling and personal support service for staff across the organisation.

We continue to work on our Inclusion Agenda and have made progress with reducing our Gender Pay Gap. We have signed up to the Inclusive Employers standards to help form our future focus. We continue to have positive relationships with UNISON and work with staff on our culture and engagement around the organisation.

Governance

Look Ahead has adopted and fully complies with the principles set out in the National Housing Federation's Code of Governance (2015). The Board of Management is made up of nine Non-Executive Directors and the Chief Executive Officer in its membership and is responsible for Look Ahead's overall direction and strategy. The members of the Board of Management are listed on page 3. Each of the non-executive members is allocated one share for voting purposes but this does not entitle the member to a beneficial interest in Look Ahead.

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Operational responsibility is delegated to the Chief Executive Officer and Senior Leadership Team. The Chief Executive advises the Board on strategic issues. The Chief Executive Officer and Senior Leadership Team are listed on page 4. They have no beneficial interest in Look Ahead's share capital.

Board members are elected for a three year term at the Annual General Meeting, one third retiring by rotation each year. The Board reviews its operation and performance annually. It identifies the skills it requires in order to fulfil its function and recruits new members as required. This year we have continued the process of Board renewal as required by best governance practice. The Board members usually serve a six year term in office, but can serve a further term, up to a maximum of nine years.

The Board of Management is currently supported by:

- Audit and Risk Committee
- Investment and Treasury Committee
- Urgency Committee
- Remuneration Committee
- Nomination Committee

Members of these Committees are selected from the Board of Management.

The **Audit and Risk Committee** is responsible for internal and external audit issues, risk management, setting and reviewing key performance indicators, and monitoring Look Ahead's operational and financial performance.

The **Investment and Treasury Committee** is responsible for reviewing all aspects of Look Ahead's Treasury Management activities including investment, reserves and cash management, debt and property development. The committee makes recommendations to the Board of Management.

The **Urgency Committee** has full delegated authority to act on behalf of the Board for all urgent issues.

The **Remuneration Committee** establishes and reviews the organisation's Remuneration Policy and reviews the Chief Executive's and Senior Leadership Team remuneration annually. The Committee has met twice in 2018/19 in which it reviewed the Executive Director and Directors' salaries and benefits, performance bonus payment scheme and the SHPS defined benefit pension scheme following an actuarial review.

The Remuneration Committee has responsibility for setting the remuneration for the Chief Executive and Directors including pension rights and any compensation payments. In carrying out this responsibility the committee aims to ensure that Look Ahead's reward strategy is competitively positioned in the market to enable it to attract, recruit and retain the talent it needs at all levels in the business.

Look Ahead operates a non contractual and discretionary Performance Related Bonus Scheme for Executive Directors and Directors. At the end of the financial year the

LOOK AHEAD CARE AND SUPPORT LIMITED

REPORT OF THE BOARD OF MANAGEMENT

remuneration committee determined by reference to organisational and personal targets set for Look Ahead and its Executive Directors and Directors, whether or not a bonus pool should be paid. Details of the Chief Executive's remuneration and the total emoluments paid to the Executive Directors and Directors are shown in note 6 to the financial statements.

The **Nomination Committee** is responsible for reviewing the size and composition of the Board, giving consideration to succession planning and nominating, for approval, the board candidates to fill Board vacancies as they arise.

In 2018 the Board reviewed its approach to customer engagement and adopted a Customer Involvement Strategy in November. A Tenant and Landlord Panel is being set up and will be fully functioning, reporting in to the Board, in 2019/20.

Merger code

In March 2016 the Board agreed to adopt the NHF's voluntary code for mergers, group structures and partnerships (the Code). In adopting the Code we can demonstrate how we have acted to meet a number of good governance requirements, such as:

1. Considering how we are placed to meet long-term objectives
2. How we conduct our decision-making processes around potential partnership, group structure and relationships
3. Demonstrating compliance with the regulatory standards and value for money
4. Demonstrating transparency and accountability for our beneficiaries around informed decision making on the delivery of our purpose.

The Board has also agreed an Acquisitions Strategy which is supported by the Code. The overall aim of this strategy is to deliver growth in Look Ahead's social care business and to achieve added value either through financial synergies and/or the addition of strategic assets such as property, talent, expertise, technology, intellectual property and new innovative social care service models. This strategy, therefore, supports Look Ahead's overall corporate and financial objectives.

Internal controls assurance

The Board has overall responsibility for establishing and maintaining a system of internal control and for reviewing its effectiveness. The Board recognises that no system of internal control can provide absolute assurance of elimination of risk. The system of internal control is designed to manage risk and to provide reasonable assurance that key business objectives and expected outcomes will be achieved and that the Association complies with applicable laws and regulations and with regulatory standards and internal policies with respect to the conduct of the business. It also exists to give reasonable assurance about the preparation and reliability of financial and operational information and the safeguarding of the Association's assets and interests.

In meeting its responsibilities, the Board has adopted a risk-based approach to internal controls which is embedded across all of Look Ahead's activities. This approach includes the regular evaluation of the nature and extent of risks to which the Association is exposed

LOOK AHEAD CARE AND SUPPORT LIMITED

REPORT OF THE BOARD OF MANAGEMENT

and is consistent with the principles of good governance outlined in the NHF's Code of Governance (2015).

The Board delegates the monitoring of risk management and internal control to the Audit and Risk Committee (ARC). The terms of reference and standing orders for the ARC and the delegated authorities contain the following elements:

◆ **Identification and evaluation of key risks**

ARC considers and recommends the organisation's Corporate Risk Register and controls to the Board, and considers the annual review of key risks and the methods to be used for managing them. The Chief Executive Officer implements the risk management decisions of the Board, including the allocation of responsibility for risks to individual members of staff and the maintenance of an effective system of internal control. As part of overall risk management the ARC oversees Look Ahead's plans for continuity of service in the event of a major emergency.

◆ **Managing the risk of fraud**

The Board has a strategy and a policy on reporting loss, theft and fraud covering the prevention, detection and reporting of fraud and the recovery of assets. A register of all incidents of fraud and attempted fraud detected is maintained and appropriate follow up action is taken to strengthen internal controls.

◆ **Monitoring and corrective action**

ARC meets four times a year and has responsibility for monitoring the effectiveness of the system of internal controls on an ongoing basis. It receives reports and, where appropriate, makes recommendations to the Board, on internal controls, internal and external audit, accounts and financial compliance, performance and quality, probity, continuous improvement and regulatory compliance. This includes a rigorous procedure for ensuring that corrective action is taken in relation to significant control issues, particularly those with a material impact on the financial statements.

◆ **Information and financial reporting systems**

The Board approves the annual budget and any subsequent re-forecasts to that budget each year. It also reviews and approves the long term financial forecasts contained in the business plan. ARC receives quarterly reports on progress against budget as well as 12 month cash flow forecasts. It uses these reports to monitor financial performance during the year. ARC and the Board also regularly review key operational performance indicators to assess progress towards the achievement of key business objectives, targets and outcomes.

LOOK AHEAD CARE AND SUPPORT LIMITED

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◆ **Control environment and control procedures**

The Board retains responsibility for a defined range of issues covering strategic, operational, and financial and compliance issues including treasury strategy and new investment projects. The Board has adopted, and disseminated to all employees, the National Housing Federation's Code of Governance 2015. This sets out the Association's policies with regard to quality, integrity and ethics of its employees. It is supported by a framework of policies and procedures with which employees must comply. These cover issues such as delegated authority, segregation of duties, accounting, treasury management, health and safety, data and asset protection and fraud prevention and detection. All employees and Board members also make an annual declaration of interests.

The Board has received the Chief Executive's annual report, has conducted its review of the effectiveness of the system of internal control and has noted any changes needed to maintain the effectiveness of the risk management and control process.

The Board confirms that the organisation meets the requirements and expected standards of the governance and financial viability standard and takes all reasonable steps to ensure it is compliant with the law.

The Board confirms that it has carried out a review of its compliance with the NHF Code of Governance (2015) and it is fully compliant with the Code.

The Board confirms that there is an ongoing process for identifying, evaluating and managing significant risks faced by the Association. This process has been in place throughout the year under review, up to the date of the annual report, and is regularly reviewed by the Board.

Appointment of auditors

A resolution to re-appoint RSM UK Audit LLP as our external auditors will be proposed at the next Annual General Meeting.

LOOK AHEAD CARE AND SUPPORT LIMITED

REPORT OF THE BOARD OF MANAGEMENT

Statement of Board of Management's responsibilities

The Board of Management are responsible for preparing the Board of Management's report and the financial statements in accordance with applicable law and regulations.

Law applicable to Registered Societies under the Co-operative and Community Benefit Societies Act 2014 and registered social housing providers in England require the Board of Management to prepare financial statements for each financial year. Under that law, the Board of Management have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

In preparing these financial statements the Board is required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and estimates that are reasonable and prudent
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in these statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association and Group will continue in business.

The Board of Management are responsible for keeping adequate accounting records that are sufficient to show and explain the Association's transactions and disclose with reasonable accuracy at any time the financial position of the Association and the Group and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private registered Providers. They are also responsible for safeguarding the assets of the Association and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board members who held office at the date of the approval of the Report of the Board of Management confirm that, so far as they are each aware, there is no relevant audit information of which the Group's auditors are not aware; and that each Board member has taken all steps that he or she ought to have taken as a Board member to make himself or herself aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

The Association is responsible for the maintenance and integrity of the corporate and financial information included on the Association's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

By order of the Board of Management.

Claire Luxton
Company Secretary

10 July 2019

LOOK AHEAD CARE AND SUPPORT LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LOOK AHEAD CARE AND SUPPORT LIMITED

Opinion

We have audited the financial statements of Look Ahead Care and Support (the 'Association') and its subsidiaries (the 'Group') for the year ended 31 March 2019 which comprise the Statements of Comprehensive Income, Statement of changes in Reserves and Statements of Financial Position, Statement of Cash Flows, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is 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 Group's and Association's affairs as at 31 March 2019 and of the income and expenditure of the Group and the income and expenditure of the Association for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 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 group and parent 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 group's or 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.

LOOK AHEAD CARE AND SUPPORT LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LOOK AHEAD CARE AND SUPPORT LIMITED

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Board is responsible for the other information. Our opinion on the financial statements does not cover the other information and, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Matters on which we are required to report by exception

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:

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

Responsibilities of the Board

As explained more fully in the Board's responsibilities statement set out on page 21, 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 determines 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 group's and 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 group or the Association or to cease operations, or have no realistic alternative but to do so.

LOOK AHEAD CARE AND SUPPORT LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LOOK AHEAD CARE AND SUPPORT LIMITED

Auditor's responsibilities for the audit of the financial statements

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

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

The engagement partner on the audit resulting in the independent auditors' report is Andrew Monteith.

Use of our report

This report is made solely to the Association's members as a body, in accordance with Part 7 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

**RSM UK Audit LLP
Statutory Auditor
Chartered Accountants
Marlborough House,
Victoria Road South,
Chelmsford,
Essex,
CM1 1LN**

10 July 2019

LOOK AHEAD CARE AND SUPPORT LIMITED

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2019

	Note	Group 2019	Association 2019	Group 2018	Association 2018
		£'000	£'000	£'000	£'000
Turnover	5	60,245	60,236	57,359	57,359
Operating expenditure	5	(59,092)	(59,079)	(56,882)	(56,882)
Operating surplus	5	<u>1,153</u>	<u>1,157</u>	<u>477</u>	<u>477</u>
(Loss)/gain on disposal of property, plant and equipment (fixed assets)	23	(105)	(105)	207	207
Interest receivable		26	26	10	10
Investment income receivable		482	482	743	743
Investment charges payable	12	(301)	(301)	(299)	(299)
Interest and financing costs	8	(411)	(411)	(97)	(97)
Increase/(decrease) in fair value of financial investments	12	1,498	1,498	(338)	(338)
Increase in valuation of investment properties	12	1,482	1,482	-	-
Total surplus for the year		<u>3,824</u>	<u>3,828</u>	<u>703</u>	<u>703</u>
Initial recognition of the defined benefit pension scheme		(4,965)	(4,965)	-	-
Actuarial losses in respect of pension schemes		(3,037)	(3,037)	-	-
Total comprehensive income for the year		<u>(4,178)</u>	<u>(4,174)</u>	<u>703</u>	<u>703</u>

All of Look Ahead's operations are continuing.

LOOK AHEAD CARE AND SUPPORT LIMITED

**STATEMENTS OF CHANGES IN RESERVES
FOR THE YEAR ENDED 31 MARCH 2019**

	Group		
	Unrestricted Reserve	Restricted Reserve	Total
	£'000	£'000	£'000
Balance at 31 March 2017	75,960	207	76,167
Surplus/(deficit) from statement of comprehensive income for the year ended 31 March 2018	730	(27)	703
Balance at 31 March 2018	<u>76,690</u>	<u>180</u>	<u>76,870</u>
Initial recognition of Defined Benefit Pension Scheme	(4,965)	-	(4,965)
Actuarial losses	(3,037)	-	(3,037)
Surplus/(deficit) from statement of comprehensive income for the year ended 31 March 2019	3,843	(19)	3,824
Balance at 31 March 2019	<u>72,531</u>	<u>161</u>	<u>72,692</u>

	Association		
	Unrestricted Reserve	Restricted Reserve	Total
	£'000	£'000	£'000
Balance at 31 March 2017	75,961	207	76,168
Surplus/(deficit) from statement of comprehensive income for the year ended 31 March 2018	730	(27)	703
Balance at 31 March 2018	<u>76,691</u>	<u>180</u>	<u>76,871</u>
Initial recognition of Defined Benefit Pension Scheme	(4,965)	-	(4,965)
Actuarial losses	(3,037)	-	(3,037)
Surplus/(deficit) from statement of comprehensive income for the year ended 31 March 2019	3,847	(19)	3,828
Balance at 31 March 2019	<u>72,536</u>	<u>161</u>	<u>72,697</u>

LOOK AHEAD CARE AND SUPPORT LIMITED

STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2019

	Note	Group 2019	Association 2019	Group 2018	Association 2018
		£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets	10	1,682	1,682	1,035	1,035
Tangible fixed assets	11	121,958	121,960	117,898	117,898
Investments	12	48,457	48,457	46,923	46,923
Total fixed assets		172,097	172,099	165,856	165,856
Current assets					
Trade and other debtors	14	6,890	6,906	6,640	6,643
Cash and cash equivalents		1,544	1,502	3,155	3,155
Total current assets		8,434	8,408	9,795	9,798
Creditors					
Amounts falling due within one year	15	(15,548)	(15,519)	(13,807)	(13,809)
Net current liabilities		(7,114)	(7,111)	(4,012)	(4,011)
Total assets less current liabilities		164,983	164,988	161,844	161,845
Creditors					
Amounts falling due after more than one year	16	(77,416)	(77,416)	(84,974)	(84,974)
Defined Benefit Pension Scheme	17	(14,875)	(14,875)	-	-
Total net assets		72,692	72,697	76,870	76,871
Reserves					
Income and expenditure reserve		72,531	72,536	76,690	76,691
Restricted reserve		161	161	180	180
		72,692	72,697	76,870	76,871

The financial statements on pages 25 to 65 were approved and authorised for issue by the Board of Management on 10 July 2019 and were signed on its behalf by:

Julie Jones
Chairman

Jane Hives
Board Member

Claire Luxton
Secretary

LOOK AHEAD CARE AND SUPPORT LIMITED

CONSOLIDATED AND ASSOCIATION STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2019

	2019		2018	
	£'000	£'000	£'000	£'000
Net cash generated from operating activities (see Note 1)		4,858		630
Cash flow from investing activities				
Purchase of fixed assets	(7,267)		(4,333)	
Proceeds from sale of fixed assets	-		685	
Purchase of investments	(1,232)		(2,243)	
Disposal of investments	2,500		7,200	
Interest received	26		10	
		(5,973)		1,319
Cash flow from financing activities				
Interest paid	(88)		(84)	
Recycled capital grant repaid	-		(214)	
Housing loans repaid	(408)		(382)	
		(496)		(680)
Net change in cash and cash equivalents		(1,611)		1,269
Cash and cash equivalents at beginning of year		3,155		1,886
Cash and cash equivalents at end of year		1,544		3,155
Comprising:				
Cash		251		1,874
Short term deposits		1,293		1,281
		1,544		3,155

LOOK AHEAD CARE AND SUPPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

1. CASH FLOW FROM OPERATING ACTIVITIES	2019	2018
	£'000	£'000
Surplus for the year	3,824	703
<i>Adjustments for non-cash items:</i>		
Depreciation of tangible fixed assets	2,214	2,211
Amortisation of intangible fixed assets	121	128
(Decrease) / increase in trade and other debtors	(250)	150
Decrease / (increase) in trade and other creditors	2,900	(912)
Pension costs less contributions payable	(1,096)	(1,273)
Carrying amount of tangible fixed assets disposals	102	(207)
<i>Adjustments for investing or financing activities</i>		
(Increase) / decrease in fair value of investments	(1,498)	338
(Increase) in valuation of investment properties	(1,482)	-
Government grants amortised in the year	(888)	(894)
Government grants received in the year	225	-
Interest payable	411	97
Investment charges payable	301	299
Interest receivable	(26)	(10)
Net cash generated from operating activities	4,858	630

2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including FRS 102 (the Financial Reporting Standard applicable in the UK and Republic of Ireland), and with the Housing SORP 2014 (Statement of Recommended Practice for registered social housing providers). They also comply with the Accounting Direction for Private Registered Providers of Social Housing 2015. The Association is registered under the Co-operative and Community Benefit Societies Act 2014 and is registered with Homes England as a Community Benefit Society. It is a public benefit entity.

Basis of accounting

The financial statements are prepared on the historical cost basis of accounting with the exception of investments, which are accounted for at valuation.

Basis of consolidation

The consolidated financial statements consolidate Look Ahead Care and Support Limited (the Association) and its wholly owned subsidiaries Look Ahead Developments Limited and Larch Residential Services Limited. Consolidation is required by statute. Unless otherwise stated, the notes to the financial statements relate both to the consolidation and individual entity.

3. SIGNIFICANT JUDGEMENTS AND ESTIMATES

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgments and estimates have been made include:

Bad debt provision

The bad debt provision is based on 100% of former tenant and 5% of current tenant rent arrears. We deem this as reasonable. However if rental debtors continue to rise consideration will be made for reviewing this policy.

Depreciation and amortisation

With the introduction of FRS 102, grants are being amortised over the life of the structure. The cost is depreciated over the useful life of the individual components. The useful lives are in line with the prior year and are deemed reasonable.

Impairment

Properties are assessed for impairment based on the future earnings of both future net rental and support contract income against the net book value of a property. Where the income stream is insufficient to cover the net book value over 30 years, impairment would occur.

4. PRINCIPAL ACCOUNTING POLICIES

Turnover

Turnover represents contract income from local authorities and health authorities; fees and revenue based grants receivable from local authorities, health authorities, Homes England and other agencies; rent and service charge income receivable; management fees in respect of accommodation that Look Ahead manages on behalf of other social landlords and charitable donations from individuals, companies and trusts. Income is recognised as it becomes receivable.

Categorisation of properties

Properties held for social benefit, principally the provision of social housing, care and support, and properties such as offices used in the administration of those activities, are classified as Property, Plant and Equipment (fixed assets). These are referred to below as operational housing properties.

Properties held to earn commercial rentals or for capital appreciation are classified as investment properties.

Operational housing properties

Operational housing properties are stated at cost less accumulated depreciation and impairment losses (see below). The cost of properties is their purchase price, together with incidental costs of acquisition including interest payable, and any subsequent improvements.

Interest payable relating to the construction of housing properties is capitalised by applying Look Ahead's cost of borrowing to expenditure during the construction of the property up to the date of practical completion. No interest was capitalised during the year.

Depreciation is calculated on the cost of properties and their major components and is charged on a straight-line basis over their expected useful economic lives as shown below. Freehold land is not depreciated.

Structure – Supported Housing	100 years
Structure – Registered Care Homes	100 years
Bathroom	20 years
Kitchen	20 years
Roof (depending on type)	15-50 years
Fire remedial works	10 years

Operational housing properties (continued)

Impairment in the value of housing properties is recognised by writing them down to their recoverable amount. The recoverable amount is the higher of a) fair value less cost to sell, including any repayable grant; and b) value in use. Any resulting losses are charged to the statement of comprehensive income in the year in which the impairment is recognised.

At each reporting date, management assesses whether an indicator of impairment exists at the level of each cash generating unit, the smallest identifiable group of assets that generates cash inflows that are largely independent from the cash inflows from other assets. For the years ending 31 March 2018 and 31 March 2019, management considered that the appropriate cash generating unit was the Scheme, an internally defined grouping of typically co-located assets on which development and acquisition decisions and management reporting are based.

The indicators of impairment considered to ascertain any impairment are whether:

- properties in management are in a good state of repair
- properties are currently in a rolling cyclical maintenance programme and individual components are continually assessed and the stock condition database updated accordingly
- the stock is in good condition and all urgent, emergency and routine works are carried out promptly
- properties meet the Decent Homes Standard.
- there is a current operating deficit or net cash outflow from operating activities.
- there is an expectation of future operating losses or negative cashflows from operating activities.
- there is an increase in void levels that is not expected to reverse.
- there are any social, demographic or environmental changes which result in the value of housing properties having declined significantly.
- there are any significant adverse changes in the statutory or regulatory environment which result in the value of housing properties having declined significantly.

Where an indicator of impairment exists, value in use is first estimated using discounted expected future cash flows from the cash generating unit. If this estimate is below the carrying amount, value in use in respect of assets held for service potential (VIU-SP) is determined by estimating the lower of the cost of constructing an equivalent asset and acquiring an equivalent asset on the open market.

Investment properties

Investment properties are accounted for at fair value and changes in value are taken annually to the Statement of Comprehensive Income. Fair value is determined by independent valuers registered with Royal Institute of Chartered Surveyors (RICS), in accordance with RICS Valuation - Professional Standards.

LOOK AHEAD CARE AND SUPPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

Other tangible fixed assets and depreciation

Other tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is charged on a straight line basis over the expected useful economic lives of the assets. The principal annual rates used are:

Office improvement works	Remaining length of lease
Office furniture and equipment	between 10% and 20%
Furniture and equipment in projects	between 10% and 50%
White goods	20%
Computer equipment	between 10% and 50%

Government grants

Government grants include Social Housing Grant and comprise grants received from Homes England, local authorities, devolved government agencies, health authorities, and other public bodies. Government grants are initially measured at fair value.

Grants relating to assets are recognised in income over the expected useful life of the housing property structure to which they relate.

Grants relating to revenue are recognised in income on a systematic basis over the period in which the costs for which the grant is intended to compensate are incurred.

Social Housing Grant on sold property is usually transferred to the Recycled Capital Grant Fund for future use; it may nevertheless become repayable if it is not reused within 3 years. The amount repayable would be restricted to the net proceeds of sale, where appropriate.

Other grants

Other grants are recognised to the extent that any performance-related conditions imposed on the recipient have been met. A grant that does not impose specified performance-related conditions is recognised as revenue when grant proceeds are received or receivable.

Sale of property, plant and equipment

In the event of an asset sale, net surplus or deficit is taken to be sale proceeds less costs of sale. On disposal of an asset for which government grant was received and which there is an obligation to repay, a liability is included in the Statement of Financial Position. The portion of grant which had been amortised prior to disposal is deducted from the surplus on disposal in the Statement of Comprehensive Income.

LOOK AHEAD CARE AND SUPPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

Intangible assets

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses. Software configuration costs are recognised as an intangible asset when all of the following criteria are demonstrated:

- a) The technical feasibility of completing the software so that it will be available for use.
- b) The intention to complete the software and use it.
- c) The ability to use the software.
- d) How the software will generate probable future economic benefits.
- e) The availability of adequate technical, financial and other resources to complete the development and to use the software.
- f) The ability to measure reliably the expenditure attributable to the software during its development.

Amortisation is charged so as to allocate the cost of intangibles less their residual values over their estimated useful lives, using the straight-line method. The intangible assets are amortised over the following useful economic lives:

Purchased and internally developed software: between 3 and 7 years

If there is an indication that a property has a holding net book value of less than its future net revenue stream for both rental and care and support, then we will impair the property.

Capitalisation of development overheads

Directly attributable development administration costs are capitalised. These include the labour costs of employees arising directly from the construction or acquisition of the property, and the incremental costs that would have been avoided only if the property had not been constructed or acquired.

Stocks

Consumable stocks are expensed in the period in which they are purchased.

Pension costs

Look Ahead participates in two Social Housing Pension Schemes (SHPS) available to permanent employees. Since 1 April 2011 membership of the defined benefit schemes have closed to new members and Look Ahead now offers the SHPS defined contribution scheme to all new staff.

The Social Housing Pension Scheme defined benefit schemes are operated by the Pensions Trust. Contributions to these pension schemes are calculated as a percentage of pensionable salaries of the employees, determined in accordance with actuarial advice plus past deficit contributions. From 31 March 2019, the liability per member organisation has been calculated and this is reflected in our Statement of Financial Position.

LOOK AHEAD CARE AND SUPPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

Further assumptions regarding the SHPS pension scheme can be found in note 17 of the Financial Statements.

Provisions

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a discount rate. The unwinding of the discount is recognised as finance cost in Statement of Comprehensive Income in the period it arises.

Value Added Tax

Income from a large central London hostel is subject to VAT, which in turn entitles it to recover VAT incurred on related expenditure from HM Revenue and Customs. All other main income streams are exempt from or outside the scope of VAT, which results in a VAT cost on associated expenditure. As only part of its activities is taxable, Look Ahead performs a partial exemption calculation that allows it to recover a proportion of the VAT incurred on its office overheads. The financial statements include within expenditure, only the VAT that is suffered by Look Ahead and not recovered from HM Revenue and Customs. The balance of VAT receivable or payable at the year end is shown as a current asset or liability.

Interest

Interest charged on loans reflects the effective annual cost of financing those loans. Interest payable relating to the construction of housing properties is capitalised by applying Look Ahead's cost of borrowing to expenditure during the construction of the property up to the date of practical completion.

Operating leases

Rentals payable under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the lease term, unless the rental payments are structured to increase in line with expected general inflation, in which case the group recognises annual rent expense equal to amounts owed to the lessor.

The aggregate benefits of lease incentives are recognised as a reduction in the rent expense over the lease term on a straight line basis.

Agency managed accommodation

Where accommodation is managed for Look Ahead by a specialist agency but all, or substantially all, of the economic risks and benefits are remain with Look Ahead, all income and expenditure relating to that scheme is included in the Statement of Comprehensive Income. Where the economic risks and benefits are transferred to the agency, only that income and expenditure which relates directly to Look Ahead is included.

Financial investments

Financial investments comprise quoted equity; money market instruments; fixed income securities; and alternative investments including unquoted equity instruments.

These investments are managed on a fair value basis in accordance with Look Ahead's investment policy. Accordingly, changes in fair value are recognised in profit or loss in the Statement of Comprehensive Income.

Financial instruments

Look Ahead's loans are treated as basic financial instruments and therefore the carrying value is measured at amortised cost.

Other financial instruments such as debtors, cash and creditors are accounted for at transaction price or at cost less any impairment.

LOOK AHEAD CARE AND SUPPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

5. LETTINGS AND RELATED INFORMATION

(a) Particulars of turnover, operating costs and operating surplus

	Group 2019		
	Turnover	Operating Costs	Operating surplus / (deficit)
	£'000	£'000	£'000
Social housing lettings (note 5b)	24,769	(22,871)	1,898
Other social housing activities			
Care & Support contracts	34,939	(36,108)	(1,169)
Activities other than social housing activities			
Commercial property	472	(113)	359
Other	65	-	65
Total	60,245	(59,092)	1,153
			Association 2019
	Turnover	Operating Costs	Operating surplus / (deficit)
	£'000	£'000	£'000
Social housing lettings (note 5b)	24,769	(22,871)	1,898
Other social housing activities			
Care & Support contracts	34,939	(36,108)	(1,169)
Activities other than social housing activities			
Commercial property	463	(100)	363
Other	65	-	65
Total	60,236	(59,079)	1,157

5. LETTINGS AND RELATED INFORMATION (continued)

(a) Particulars of turnover, operating costs and operating surplus (continued)

	Group and Association 2018		
	Turnover	Operating Costs	Operating surplus / (deficit)
	£'000	£'000	£'000
Social housing lettings (note 5b)	23,637	(21,858)	1,779
Other social housing activities			
Care & Support contracts	33,322	(34,975)	(1,653)
Activities other than social housing activities	353	(49)	304
Commercial property	47	-	47
Total	57,359	(56,882)	477

5. LETTINGS AND RELATED INFORMATION (continued)

(b) Particulars of income and expenditure from lettings

	Group and Association Supported Housing	
	2019	2018
	£'000	£'000
Income		
Rent receivable net of identifiable service charges	12,780	12,703
Service charge income	11,116	10,054
Amortised government grants	873	880
Total income from Social Housing lettings	24,769	23,637
Operating Expenditure		
Service charges	9,160	8,112
Management	9,205	9,275
Routine maintenance	2,245	2,243
Major repairs not capitalised	176	138
Depreciation of properties	1,295	1,194
Rent and service charge losses from bad debts	790	896
Total expenditure on Social Housing Lettings	22,871	21,858
Operating surplus on Social Housing Lettings	1,898	1,779

Net rental income is shown after deducting voids of £594,000 (2018: £830,000): this is rent lost through dwellings being vacant.

LOOK AHEAD CARE AND SUPPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

5. LETTINGS AND RELATED INFORMATION (continued)

(c) Accommodation in management

	Group and Association	
	2019	2018
	Number of Units	Number of Units
Supported housing	2,288	2,265
Registered care homes	34	28
	2,322	2,293
	Number of customers	Number of customers
Domiciliary and other customers	3,293	3,860

5. LETTINGS AND RELATED INFORMATION (continued)

(d) Agency managed accommodation

The following organisations manage accommodation on behalf of Look Ahead. Only the net income receivable on these properties and any outgoings specifically borne by Look Ahead are included in these statements.

Managing body	Group and Association			
	Net Income Receivable			
	31 March 2019		31 March 2018	
	£'000	Number of units	£'000	Number of units
Ability Housing	56	12	66	21
CAYSH	32	7	35	7
Certitude Support	78	6	117	6
Depaul UK	32	7	34	7
Hestia	-	-	68	15
Housing Options Service				
Westminster City Council	581	44	541	44
London Cyrenians	186	28	187	28
Outlook Care Ltd	20	5	20	5
Support for Living	51	9	75	9
Swan Housing Association	77	15	75	15
Total	1,113	133	1,217	157

LOOK AHEAD CARE AND SUPPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

5. LETTINGS AND RELATED INFORMATION (continued)

(e) Services provided in accommodation owned by RPs and other public bodies

Registered Provider	Group and Association			
	Income payable by Look Ahead Care and Support			
	31 March 2019		31 March 2018	
	£'000	Number of units	£'000	Number of units
Optivo	116	34	120	39
ASRA	-	-	10	6
BPHA	36	10	46	10
Central & Cecil Housing	75	24	72	24
Downshire Homes	134	12	130	12
Gateway HA	50	10	50	9
Genesis Notting Hill	604	134	631	139
Guinness Partnership	44	16	66	16
Harrow Council	23	15	23	15
Hexagon	187	51	211	51
Hyde HA	164	43	200	96
London & Quadrant Housing Trust	706	180	693	180
Metropolitan Housing	129	30	113	30
Milton Keynes Council	63	20	58	20
Moat	82	34	81	34
Network Stadium	267	90	322	127
NHS Property Services	66	15	66	15
One Housing Group	121	21	120	21
Orbit Housing	13	16	31	16
Peabody Trust	440	121	451	121
Richmond	17	12	11	12
Salvation Army HA	540	124	847	242
Shepherds Bush HA	313	57	189	62
St Mungo's	494	139	517	139
Town & Country	27	7	27	7
London Borough of Hounslow	47	11	-	-
PA Housing	125	29	-	-
Clarion Housing	41	7	-	-
Total	4,924	1,262	5,119	1,483

LOOK AHEAD CARE AND SUPPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

5. LETTINGS AND RELATED INFORMATION (continued)

The information above relates to accommodation owned by other registered social providers (RPs) and public bodies. Look Ahead Care and Support either provide a housing management and support service in these units or deliver a support or social care service in properties owned by these organisations.

6. DIRECTORS' AND SENIOR STAFF EMOLUMENTS

The remuneration paid to members of the Board of Management, the Chief Executive and the Senior Leadership Team was as follows:

	Salaries	Pension	Total	Total
	£'000	contributions	2019	2018
	£'000	£'000	£'000	£'000
Aggregate emoluments paid to Directors (including Chief Executive)	723	34	756	734
Board members	103	-	103	82

Included in the emoluments paid to Directors are aggregate redundancy payments amounting to £NIL (2018: £NIL).

The amount paid to the highest paid director, excluding pension contributions, was £160,500 (2018: £156,000).

Total expenses of £2,373 (2018: £1,298) were incurred on behalf of members of the Board of Management.

The Chief Executive is an ordinary member of the standard Look Ahead defined benefit pension scheme. No special terms apply.

The emoluments and social security costs of Key Management are as follows:

	2019	2018
	£'000	£'000
Total	951	900
Number of individuals	16	17

LOOK AHEAD CARE AND SUPPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

6. DIRECTORS' AND SENIOR STAFF EMOLUMENTS (continued)

The emoluments (excluding pension contributions) of Board Members and their meeting attendance are as follows:

Board member	Position	2019		2018	
		£000's	Attendance at Board meetings	£000's	Attendance at Board meetings
Julie Jones	Chairman	20.0	6/6	18.1	6/6
Jane Hives	ARC Chairman	12.5	6/6	12.5	5/6
Sean Duggan	RemCom Chairman	10.0	6/6	10.0	5/6
Graham Buckland	ITC Chairman	12.5	5/6	10.4	6/6
Chris Dobson	CSC Chairman	10.0	4/6	10.0	6/6
Tom Dacey	Board Member	13.4	6/6	0.0	3/3
Richard Jones	Board Member	10.0	6/6	1.7	2/2
Sharon Slotnick (appointed October 2018)	Board Member	5.0	3/4	-	-
Elesia-Gail Edwards-Scott (appointed October 2018)	Board Member	5.0	2/4	-	-
Stephen Alexander (resigned June 2017)	Chairman	-	-	5.0	2/2
Moirra Sinclair (resigned June 2017)	Deputy Chairman	-	-	3.1	2/2
Robert Drummond (resigned August 2018)	Board Member	4.2	2/2	10.8	4/6

LOOK AHEAD CARE AND SUPPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

6. DIRECTORS' AND SENIOR STAFF EMOLUMENTS (continued)

	2019 Number	2018 Number
Salary banding for all employees earning over £60,000 (including salaries, bonus, any termination payments and pensions):		
£60,000 - £70,000	7	3
£70,001 - £80,000	2	3
£80,001 - £90,000	2	1
£90,001 - £100,000	2	1
£100,001 - £110,000	2	3
£110,001 - £120,000	2	1
£120,001 - £130,000	-	-
£130,001 - £140,000	-	-
£140,001 - £150,000	1	-
£150,001 - £160,000	-	1
£160,001 - £170,000	1	-
	<u>19</u>	<u>13</u>

7. EMPLOYEE INFORMATION

	Group and Association	
	2019 Number	2018 Number
The number of people, including the Chief Executive and the Directors, employed at the year end expressed as full time equivalents was:		
Office staff	101	88
Housing, support and care staff	828	878
	<u>929</u>	<u>966</u>
The average number of employees (expressed as full time equivalents) employed during the year was:		
	<u>939</u>	<u>953</u>

LOOK AHEAD CARE AND SUPPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

7. EMPLOYEE INFORMATION (continued)

Staff costs for these employees were:

	2019 £'000	2018 £'000
Wages and salaries	24,235	23,636
Social security costs	2,327	2,253
Other pension costs	694	418
	<u>27,256</u>	<u>26,308</u>
Contract staff employed through agencies	1,174	1,211
Personal Support Assistant wages	2,470	2,033
Personal Support Assistant Social Security costs	201	170
Personal Support Assistant pension costs	41	18
	<u>31,141</u>	<u>29,739</u>

Included in the amounts above are wages and salaries for Board members amounting to £102,600 (2018: £81,700) and social security costs of £4,000 (2018: £3,800)

8. INTEREST AND FINANCING COSTS

	Group and Association	
	2019 £'000	2018 £'000
On bank and other loans	95	91
Social Housing Pension Scheme defined benefit scheme pension charge	316	6
	<u>411</u>	<u>97</u>

No interest has been capitalised in the year (2018: £NIL).

LOOK AHEAD CARE AND SUPPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

9. SURPLUS FOR THE YEAR

	Group 2019	Association 2019	Group 2018	Association 2018
	£'000	£'000	£'000	£'000
Surplus for the year is stated after charging:				
Amortisation of intangible assets	121	121	128	128
Depreciation of tangible fixed assets	2,214	2,214	2,211	2,211
Auditor's remuneration (excluding VAT):				
In their capacity as auditors	35	33	33	32
In respect of other services	-	-	-	-
Hire of non-plant and machinery assets under operating leases	392	392	368	368

10. INTANGIBLE FIXED ASSETS

	2019	Group and Association 2018
	Software £'000	Software £'000
Cost		
At 1 April 2018	1,243	1,244
Additions	771	732
Disposals	(84)	(733)
At 31 March 2019	1,930	1,243
Amortisation		
At 1 April 2018	(208)	(803)
Amortisation charge for the year	(121)	(128)
Eliminated on disposals	81	723
At 31 March 2019	(248)	(208)
Net book value At 31 March 2019	1,682	1,035
At 31 March 2018	1,035	441

LOOK AHEAD CARE AND SUPPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

11. TANGIBLE FIXED ASSETS

(a) Operational housing properties

	Group	Association	Group	Association
	2019	2019	2018	2018
	£'000		£'000	
Cost				
At 1 April 2018	129,076	129,076	127,147	127,147
Additions - existing properties	5,607	5,609	2,697	2,697
Transfer from investment properties	405	405	-	-
Transfer to investment properties	(599)	(599)	-	-
Transfer between asset codes	(102)	(102)	6	6
Disposals	(329)	(329)	(774)	(774)
At 31 March 2019	134,058	134,060	129,076	129,076
Depreciation				
At 1 April 2018	(14,600)	(14,600)	(13,494)	(13,494)
Depreciation charge for the year	(1,337)	(1,337)	(1,214)	(1,214)
Disposals	327	327	108	108
At 31 March 2019	(15,610)	(15,610)	(14,600)	(14,600)
Net book value				
At 31 March 2019	118,448	118,450	114,476	114,476
At 31 March 2018	114,476	114,476	113,653	113,653

There were no assets under construction at the time of preparation of these statements or throughout the year.

LOOK AHEAD CARE AND SUPPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

11. TANGIBLE FIXED ASSETS (continued)

(a) Operational housing properties (continued)

The total amount expended on existing properties in the year was £5,607,000 (2018: £2,697,000).

The total book value of properties secured against the loan portfolio of £5,590,000 (note 16) is £8,025,000.

	Group 2019 £'000	Association 2019 £'000	Group 2018 £'000	Association 2018 £'000
Housing properties at net book value comprise:				
Freehold	106,088	106,088	105,718	105,718
Long leaseholds	12,081	12,083	8,468	8,468
Short leaseholds	279	279	290	290
	<u>118,448</u>	<u>118,450</u>	<u>114,476</u>	<u>114,476</u>

(b) Other tangible assets

	Office improvement works £'000	Furniture & equipment £'000	Group and Association Computer equipment £'000	Total £'000
Cost				
At 1 April 2018	1,424	5,773	802	7,999
Additions	-	620	269	889
Transfers between categories	-	-	102	102
Disposals	-	(76)	(135)	(211)
At 31 March 2019	<u>1,424</u>	<u>6,317</u>	<u>1,038</u>	<u>8,779</u>
Depreciation				
At 1 April 2018	(569)	(3,577)	(431)	(4,577)
Charge for the year	(144)	(496)	(237)	(877)
Disposals	-	59	126	185
At 31 March 2019	<u>(713)</u>	<u>(4,014)</u>	<u>(542)</u>	<u>(5,269)</u>
Net book value at 31 March 2019	<u>711</u>	<u>2,303</u>	<u>496</u>	<u>3,510</u>
At 31 March 2018	<u>885</u>	<u>2,196</u>	<u>371</u>	<u>3,422</u>

LOOK AHEAD CARE AND SUPPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

11. TANGIBLE FIXED ASSETS (continued)

(b) Other tangible assets (continued)

	Office improvement works £'000	Furniture & equipment £'000	Group and Association Computer equipment £'000	Total £'000
Cost				
At 1 April 2017	1,430	5,565	1,916	8,911
Additions	-	589	315	904
Transfers between categories	(6)	-	-	(6)
Disposals	-	(381)	(1,429)	(1,810)
At 31 March 2018	1,424	5,773	802	7,999
Depreciation				
At 1 April 2017	(425)	(3,241)	(1,529)	(5,195)
Charge for the year	(144)	(552)	(301)	(997)
Disposals	-	216	1,399	1,615
At 31 March 2018	(569)	(3,577)	(431)	(4,577)
Net book value at 31 March 2018	885	2,196	371	3,422
At 31 March 2017	1,005	2,324	387	3,716

12. INVESTMENTS

(a) Financial Investments

Fair Value	Group and Association	
	2019 £'000	2018 £'000
At 1 April 2018	43,417	49,011
Additions	1,232	2,243
Disposals	(2,500)	(7,200)
Investment charges	(301)	(299)
Unrealised gain / (loss)	1,498	(338)
At 31 March 2019	43,346	43,417
Historical cost	38,508	40,274

Fair Value	Group and Association	
	2019 £'000	2018 £'000
Money market	10,491	14,722
Fixed income securities	8,601	8,164
Equities	21,332	17,464
Properties	2,864	-
Alternative investments	58	3,067
At 31 March 2019	43,346	43,417

LOOK AHEAD CARE AND SUPPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(b) Investment Property

Fair Value	Group and Association	
	2019 £'000	2018 £'000
At 1 April 2018	3,506	3,506
Additions transferred from social housing properties	528	-
Transfer to social housing	(405)	-
Increase in fair value	1,482	-
At 31 March 2019	5,111	3,506
Historical cost	3,378	3,547

The 2019 valuation was performed by Jones Lang Lasalle Limited in accordance with RICS valuation – professional standards 2014 on the basis of fair value.

LOOK AHEAD CARE AND SUPPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

13. INVESTMENT IN SUBSIDIARIES

	2019 £	2018 £
Look Ahead Developments Limited	1	1
Larch Residential Services Limited	1	-

Look Ahead Care And Support Limited owns 100% of the share capital of Look Ahead Developments Limited. The subsidiary was incorporated in England as a trading company on 12 February 2008 to provide construction, design and build services.

All the directors of Look Ahead Developments Limited are employed by Look Ahead Care and Support and are paid for their services as employees of Look Ahead Care and Support.

Look Ahead Care And Support Limited owns 100% of the share capital of Larch Residential Services Limited. The subsidiary was incorporated in England as a trading company on 5 October 2018 to provide renting and operating of Housing Association real estate services.

All the directors of Larch Residential Services Limited are employed by Look Ahead Care and Support and are paid for their services as employees of Look Ahead Care and Support.

LOOK AHEAD CARE AND SUPPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

14. TRADE AND OTHER DEBTORS

	Group	Association	Group	Association
	2019	2019	2018	2018
	£'000	£'000	£'000	£'000
Amounts receivable within one year:				
Gross rental debtors	4,956	4,954	3,935	3,935
Less: provision for bad debts	(3,477)	(3,477)	(2,691)	(2,691)
Net rental debtors	1,479	1,477	1,244	1,244
Trade debtors	4,001	4,001	4,026	4,026
Prepayments and accrued income	1,118	1,116	1,238	1,238
VAT	20	-	20	20
Other debtors	272	270	112	112
Look Ahead Developments Limited	-	41	-	3
Larch Residential Services Limited	-	1	-	-
	6,890	6,906	6,640	6,643

Included in the Group figures above is £6,305k of assets at amortised cost (2018: £6,321k). Included in the Association figures above is £6,344k of assets at amortised cost (2018: £6,321k). Included in the Association figures is £2 of assets measured at cost less impairment (2018: £2). No assets have been measured at fair value through the Statement of Comprehensive Income, except for the investments disclosed in Notes 12a and 12b.

LOOK AHEAD CARE AND SUPPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2019	Association 2019	Group 2018	Association 2018
	£'000	£'000	£'000	£'000
Housing loans	434	434	409	409
Trade creditors	1,750	1,727	918	918
Defined benefit pension deficit contributions	-	-	1,324	1,324
Social Security	639	639	630	630
Other creditors	2,021	2,021	2,792	2,794
Deferred government grant (Note 25)	888	888	894	894
Accruals and other deferred income	8,552	8,546	5,722	5,722
Recycled capital grant fund (Note 24)	1,264	1,264	1,118	1,118
	<u>15,548</u>	<u>15,519</u>	<u>13,807</u>	<u>13,809</u>

Included in the Group figures above is £15,467k of liabilities at amortised cost (2018: £12,388k). Included in the Association figures above is £15,441k of liabilities at amortised cost (2018: £12,388k). There are no liabilities measured at fair value through the Statement of Comprehensive Income.

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group and Association	
	2019 £'000	2018 £'000
Deferred government grant (Note 25)	72,094	72,751
Housing loans	5,156	5,589
Recycled capital grant fund (Note 24)	166	305
Defined benefit pension deficit contributions	-	6,329
	<u>77,416</u>	<u>84,974</u>

Included in the Group and Association figures above is £77,416k of liabilities at amortised cost (2018: £78,645k). There are no liabilities measured at fair value through the Statement of Comprehensive Income.

LOOK AHEAD CARE AND SUPPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (continued)

Housing loans consist of the following:

Lender

Newcastle Building Society	1,346	1,525
Dexia Public Finance Bank	3,970	4,196
Orchardbrook Ltd	274	277
	<u>5,590</u>	<u>5,998</u>

Amounts owed on housing properties repayable:

In one year or less (included in current liabilities)	434	409
Between one and two years	459	432
Between two and five years	1,564	1,510
In five years or more, by instalment	3,133	3,647
	<u>5,590</u>	<u>5,998</u>

The total book value of properties secured against the loan portfolio is £8,025,000 (Note 11a).

Loans carry a weighted average interest rate of 1.4%.

17. PENSION OBLIGATIONS

Social Housing Pension Scheme (SHPS)

There has been a change in the Social Housing Pension Scheme defined benefit scheme during the year. Previously it was not possible to disaggregate the actuarial liability of the scheme by individual employer organisations. As a result the net liability was assessed as the discounted value of future deficit contributions and this amount was included as creditors falling within and more than one year (see comparative figures in Notes 15 and 16).

As at 31 March 2019 the scheme's actuaries have provided each employer organisation with its defined benefit liability together with comparative information as at 31 March 2018. This change is not treated as a prior year adjustment and the following notes relate to the movements in the assessment of the liability under the basis applied in the current year. The impact of the restatement of the liability has been taken to the Statement of Comprehensive Income.

LOOK AHEAD CARE AND SUPPORT LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019****PRESENT VALUES OF DEFINED BENEFIT OBLIGATION, FAIR VALUE OF ASSETS AND DEFINED BENEFIT ASSET (LIABILITY)**

	2019	2018
	£'000	£'000
Fair value of plan assets	43,009	40,408
Present value of defined benefit obligation	57,884	53,279
Deficit in plan	(14,875)	(12,871)
Unrecognised surplus	-	-
Defined benefit liability to be recognised	(14,875)	(12,871)

RECONCILIATION OF THE IMPACT OF THE ASSET CEILING

There has been no impact of the asset ceiling during the year.

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION

	Period ended 31 March 2019 £'000
Defined benefit obligation at start of period	53,279
Current service cost	267
Expenses	56
Interest expense	1,372
Contributions by plan participants	9
Actuarial (gains) due to scheme experience	(364)
Actuarial losses due to changes in demographic assumptions	156
Actuarial losses due to changes in financial assumptions	3,961
Benefits paid and expenses	(852)
Defined benefit obligation at end of period	57,884

LOOK AHEAD CARE AND SUPPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

17. PENSION OBLIGATIONS (continued)

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION

	Period ended 31 March 2019 £'000
Fair value of plan assets at start of period	40,408
Interest income	1,056
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	716
Contributions by the employer	1,672
Contributions by plan participants	9
Benefits paid and expenses	(852)
Fair value of plan assets at end of period	43,009

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2019 was £1,772,000

DEFINED BENEFIT COSTS RECOGNISED IN STATEMENT OF COMPREHENSIVE INCOME (SOCl)

	Period from 31 March 2018 to 31 March 2019 £'000
Current service cost	267
Expenses	56
Net interest expense	316
Defined benefit costs recognised in statement of comprehensive income (SoCl)	639

LOOK AHEAD CARE AND SUPPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

17. PENSION OBLIGATIONS (continued)

DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME

	Period from 31 March 2018 to 31 March 2019 £'000
Experience on plan assets (excluding amounts included in net interest cost) – gain	716
Experience gains and losses arising on the plan liabilities – gain	364
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - (loss)	(156)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - (loss)	(3,961)
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - (loss)	(3,037)
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost)	-
Total amount recognised in other comprehensive income - (loss)	(3,037)

LOOK AHEAD CARE AND SUPPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

17. PENSION OBLIGATIONS (continued)

ASSETS

	2019 £'000	2018 £'000
Global Equity	7,237	7,981
Absolute Return	3,721	4,936
Distressed Opportunities	782	390
Credit Relative Value	787	-
Alternative Risk Premia	2,480	1,532
Fund of Hedge Funds	194	1,331
Emerging Markets Debt	1,484	1,630
Risk Sharing	1,299	374
Insurance-Linked Securities	1,234	1,062
Property	968	1,860
Infrastructure	2,255	1,036
Private Debt	577	360
Corporate Bond Fund	2,007	1,659
Long Lease Property	633	-
Secured Income	1,540	1,498
Over 15 Year Gilts	-	-
Liability Driven Investment	15,728	14,721
Net Current Assets	83	38
Total assets	43,009	40,408

None of the fair values of the assets shown above include any direct investments in the employer's own financial instruments or any property occupied by, or other assets used by, the employer.

LOOK AHEAD CARE AND SUPPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

17. PENSION OBLIGATIONS (continued)

KEY ASSUMPTIONS

	31 March 2019 % per annum	31 March 2018 % per annum
Discount Rate	2.34	2.59
Inflation (RPI)	3.26	3.16
Inflation (CPI)	2.26	2.16
Salary Growth	3.26	3.16
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2019 imply the following life expectancies:

	Life expectancy at 65 (years)
Male retiring in 2019	21.8
Female retiring in 2019	23.5
Male retiring in 2039	23.2
Female retiring in 2039	24.7

LOOK AHEAD CARE AND SUPPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

18. CALLED-UP SHARE CAPITAL

Each of the Association's members holds one share of £1 in Look Ahead Care and Support Limited. These shares carry no dividend rights and are redeemable on cessation of membership, if the member so chooses. Each member has the right to vote at members' meetings, but no rights to dividends or distributions upon winding up. Shares are issued to the non-executive members of the Look Ahead Board of Management on their formal appointment.

	2019 £	2018 £
Allotted, issued and fully paid at 1 April 2018	21	21
Issued during the year	4	-
At 31 March 2019	<u>25</u>	<u>21</u>

General reserves are available for use at the discretion of the Board in furtherance of the general objectives of Look Ahead. The restricted reserve relates to fundraising income, the use of which is subject to external restrictions.

19. LEGISLATIVE PROVISIONS

Look Ahead Care and Support Limited is incorporated under the Co-operative and Community Benefit Societies Act 2014. Look Ahead Care and Support Limited is required by statute to prepare consolidated accounts including its wholly owned subsidiaries, Look Ahead Developments Limited and Larch Residential Services Limited.

20. TAXATION

Look Ahead Care and Support Limited is a charitable social landlord and is not subject to Corporation Tax.

21. CAPITAL COMMITMENTS

At 31 March 2019, the value of capital expenditure which had been contracted for but not provided for in the financial statements was **£1,310,000**. (2018: £NIL).

LOOK AHEAD CARE AND SUPPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

22. FINANCIAL COMMITMENTS

At 31 March 2019, Look Ahead had contractual commitments under operating leases that were not provided for in the financial statements, as follows:

	Group and Association			
	Land and buildings		Other	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Financial commitments payable:				
Between one and two years	325	325	65	65
Between two and five years	1,298	45	28	93
More than 5 year	47	-	-	-
	<u>1,670</u>	<u>370</u>	<u>93</u>	<u>158</u>

23. SURPLUS ON DISPOSAL OF FIXED ASSETS

	Group and Association	
	2019 £'000	2018 £'000
Net proceeds of sales	-	714
Cost of sales	(105)	(507)
Net (deficit) / surplus on sales	<u>(105)</u>	<u>207</u>

LOOK AHEAD CARE AND SUPPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

24. RECYCLED CAPITAL GRANT FUND

	Group and Association	
	2019 £'000	2018 £'000
At 1 April 2018	1,423	1,465
Addition for the year	-	165
Utilised on developments	-	-
Repaid in year	-	(214)
Interest accrued	7	7
At 31 March 2019	1,430	1,423

RECYCLED CAPITAL GRANT PAYMENTS DUE

	2019 £'000	2018 £'000
Greater London Authority	978	974
Homes England	452	449
	1,430	1,423

Amounts of capital grant repayable:

In one year or less (included in current liabilities)	1,264	1,118
Between one and two years	166	140
Between two and three years	-	165
	1,430	1,423

LOOK AHEAD CARE AND SUPPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

25. DEFERRED GOVERNMENT GRANT

	Grant at cost	Amortisation	Total Net Grant
	£'000	£'000	£'000
At 1 April 2018	88,776	(15,131)	73,645
Grants received in year	225	-	225
Disposals	-	-	-
Grant recycled on disposal	-	-	-
Amortisation	-	(888)	(888)
At 31 March 2019	89,001	(16,019)	72,982