
REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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 MARCH 2018

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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*
Co-Chair – *ADASS Association*

Jane Hives (Chairman – Performance Review 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

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

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

Chris Dobson

Appointed: 2014

Director – *EY LLP*

Sean Duggan

Appointed: 2012

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

Robert Drummond

Co-opted: 22 February 2017
Appointed: 28 June 2017

Chairman – *Guys & St Thomas' Enterprises Ltd*

Tom Dacey

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

Chief Executive – *Southern Housing Group*
Chair- *Street Futures Group (CC Westminster)*
Board member – *Aldwyck Housing Group*

Richard Jones CBE

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

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

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PARTICULARS OF THE BOARD OF MANAGEMENT, OFFICERS AND ADVISORS

Stephen Alexander (Chairman)

Appointed: as Board Member: 2010
as Chairman: 2011
Retired as Board Member and
Chairman: 28 June 2017

Chairman – *Dairy Crest Group plc*
Partner – *OpCapita LLP*

Moira Sinclair (Deputy Chairman)

Appointed:
as Board Member: 2008
as Deputy Chairman: 2013
Retired as Board Member and Deputy
Chairman: 28 June 2017

Chief Executive - *Paul Hamlyn Foundation*
Chairman – *East London Dance*
Independent Committee Member – *Arts Impact
Fund*

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PARTICULARS OF THE BOARD OF MANAGEMENT, OFFICERS AND ADVISORS

Solicitors

Devonshires
Salisbury House
London Wall
London
EC2M 5QY

External auditors

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

Internal auditors

Beever and Struthers
15 Bunhill Row
London
EC1Y 8LP

Registered office

Kings Buildings
16 Smith Square
London
SW1P 3HQ

Bankers

Barclays Bank PLC
1 Churchill Place
London
E14 5HP

Registration details

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

Investment managers

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

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 is a wholly owned subsidiary of Look Ahead Care and Support Limited (‘the Association’, together ‘the Group’). Group Accounts have been prepared for the year ended 31 March 2018 under the requirements of the Co-operative and Community Benefit Societies Act.

Results for the year

The Board of Management has pleasure in presenting its report and financial statements for the group for the year ended 31 March 2018. The results show total comprehensive income for the year of £703,000 (2017: £4,272,000).

Financial strategy

Look Ahead’s 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. This is achieved by pursuing a strategy for sustainable and managed growth and at the same time driving an agenda for improving efficiency across our services and central support functions thus achieving 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 Limited

Look Ahead Developments was incorporated in February 2008 and provides construction, design and build services to Look Ahead Care and Support. Look Ahead Developments’ turnover for the year to 31 March 2018 was £nil (2017: £nil). Since its incorporation Look Ahead Developments has entered into design and build contracts with Look Ahead Care and Support for the redevelopment of two major sites in East London and in Westminster. The last project was completed in February 2013 and there have been no further development projects since then. We are required to prepare consolidated financial statements.

Principal activities

Look Ahead is a niche housing association specialising in the provision of supported housing and social care services for vulnerable people within the community. Our core purpose is to work in partnership with local authorities and the NHS to provide an integrated housing, support and care service across our four core client groups; mental health, learning disabilities, young people and rough sleepers. We do not provide general needs housing, therefore all existing and new accommodation run by Look Ahead is linked to a care or support package.

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Review of the business

Look Ahead is two years into a five year business strategy of gradually providing more care and support to those that are higher up the acuity spectrum. This change will enable wider referral routes for these statutory services and provide more security around future income streams. Social Care reform and Government austerity have eroded the margins within the sector over the last decade, and our five year strategy looks to improve our financial strength.

As well as growth through statutory services, we will also be exploring other sources of revenue; we will explore the possibility of commercial rental income or transferring of general needs housing stock from other Associations in order to provide a more stable income stream that will enable us to continue to provide social care as per our organisational mission.

Look Ahead are one of the largest specialist providers of supported housing in the country. We own over 1,200 properties and manage another 1,100 on behalf of other landlords. Over half of our income comes from delivering commissioned care and support services; 68% of this contract income has been awarded through a highly competitive tender process.

Our organisational mission is to work with people to make choices, achieve goals and take control of their lives through high quality care, support and housing. We do this by working with 35 NHS and local authority partners to deliver integrated health, social care and housing services. We support almost 4,000 people each year to bring about positive changes in their lives, by creating tailor-made plans for each individual which promote their independence and self-reliance and enable them to achieve their goals. Working across London and the Home Counties our services support people with a diverse range of needs including Mental Health; Learning Disabilities; Young People and Care Leavers; Homelessness and Complex Needs.

Providing innovative service models that improve the lives of our customers, whilst meeting commissioner demands for high quality at reasonable cost is an essential part of our business model. As the owner of over 1,200 properties we are continually evaluating how to make the best use of these assets. During the year this approach has seen us implement new care leaver and disability services using redesigned buildings in Newham and Bromley.

The Social Care sector continues to be under budgetary pressure. By developing highly innovative support models, we are able to work with commissioners to provide services that enable people to move out of expensive institutional settings to live much more independently in the community and closer to families and social networks. In the year, we redeveloped 12 of our existing units to use for people with complex needs under transforming care programme. We also redeveloped 29 units for use for care leaver

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schemes. These schemes allow young people to live semi-independently whilst receiving the support that they need and developing lifeskills.

Look Ahead had a successful year with regard turnover, increasing by £4.5 million from the 2016/17 results to £57.4 million. During the year we secured £5.0 million of new business, £1.6 million of which was from CCGs or NHS Trusts delivering on our growth strategy to focus on people with much higher support and care needs. However, we are not moving away from our core client groups or existing contracts; in the year 28% of our contract income came up for retender and we were successful in retaining 92% of the total value.

We remained committed to London and National Living Wage which saw over half of our work force receive an uplift of 3.7% or 2.8%, at a time when we received no inflationary uplifts on our contract income; this added circa £0.5 million to our cost base. In the year we wrote off £0.3 million of contract income bad debt. These events contributed to our care and support business, after overhead apportionment, making a deficit of £1.6 million, compared with £0.6 million in 2016/17.

During the year there was a continued focus on maximising the return on our assets and bringing them back in to social use. We redeveloped 72 units that had been held vacant for some time. Over an 18 month period, we will have redeveloped and let over 200 units that had previously been held as management voids.

We made gains on the disposal of two stand alone properties of £0.2 million that were not suitable for an alternative use after the decommissioning of the support service several years ago.

Look Ahead's Programme Board continued to oversee the delivery of the Move Forward agenda to bring about efficiencies in the business. In 2017/18 we successfully implemented phase one of a new people system iTrent, which has replaced the existing HR and Payroll systems, creating efficiencies and eliminating duplication. We also implemented a replacement housing management system, enabling more agile, effective working for our frontline staff. The programme for 2018/19 will include a review of our voids process and a procurement exercise.

We strengthened the Landlord and Property Service Team, particularly around compliance and completed a full review of condition of our housing stock. This additional investment into our future growth meant that we did not see improvement in surplus levels from our new business success.

Overall our total comprehensive income for the year was £0.7 million. The improvement from operating surplus of £0.5 million due to the sale of the two properties; an increase in investment income received was offset by a reduction in the fair value of our investment portfolio held with Rothschild. During the year, we kept the same risk profile on our investment portfolio as the previous year; however we did not see the benefit of a return in the fair value due to general market conditions.

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Delivering Value for Money

We have five corporate priorities underpinning our Business Plan and we assess ourselves against these each year to monitor our Value for Money. For Look Ahead, Value for Money means delivering services that are efficient, effective and economical. Our support services are regularly tested as providing value for money in a highly competitive tender environment. In the year, we retained 100% of our existing services that came up for retender, demonstrating that the high quality services that we run offer value for money.

Corporate Priority
Provide high quality services that deliver positive outcomes for all customers
Design and delivering innovative services in partnership with our customers
Achieve sustainable growth, maximising social and economic returns on investment
Recruit, develop and retain a high performing workforce through strong local leadership
Enhance our financial strength and viability

i. Providing high quality services that deliver positive outcomes for all customers

At the end of 2017/18, 83% of our services were rated as either outstanding or good through our internal audit system; above our target of 80%. Retaining the high quality of our services is fundamental to the current success of Look Ahead and the ability to achieve our business plan. We have over 100 services and each service is assessed at least annually using our Quality Monitoring System (QMS) and improvement plans are monitored quarterly and progress reported to our Safeguarding and Quality Group. Every year we revise our QMS to ensure it remains robust and incorporates learning from the latest round of audits and external thinking. We continually look for improvements; therefore for 2017/18 we recalibrated the scoring system to make it more challenging to achieve a Good or Outstanding. The target therefore was realigned to 80% from 90% in 2016/17.

A number of our services are regulated by the Care Quality Commission (CQC) and our QMS uses the CQC approach to assess all of our services. We have 89% of our CQC registered services rated as good, with none being rated as inadequate. This provides external validation of the effectiveness of our approach to quality assurance. For the service that did not receive a good, we have completed the action points and are awaiting a re-inspection in the autumn.

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The table below shows our performance against target and benchmarks (where available) for the key metrics the Board have decided are the most important in determining how effective Look Ahead's services are:

Effectiveness - quality of services delivered to our customers	Benchmark	Target	2015	2016	2017	2018
% Services rated as 'outstanding' or 'good'	NA	80%	59%	70%	90%	85%
No. of services rated "overall" as 'inadequate' by CQC	NA	0	1	0	0	0
% of new staff attending mandatory training within probation	NA	90%	NA	74%	87%	52%*
% of repairs completed to target	NA	90%	NA	NA	94%	87%
No. of units without a valid Landlords Gas Safety Certificate	0	0	0	2	0	0

*Whilst there was a reduction in the number of employees that attended mandatory training in the probationary period, the provider of our training academy went into administration without warning and records were lost. From 2018/19 all new employees will complete their training before they are allowed to commence work in a service.

Look Ahead supports customers with a wide range of support needs and each customer has an individualised support plan which sets out what they want to achieve in order to live more independently.

During 2017/18 when our customers moved on from our support

- 1,111 had moved on from our support in a planned way
- 244 took part in training
- 161 participated in work and 99 were in work when they left our support
- 539 had maximised their income by claiming the right benefits & reducing debts
- 627 were managing their mental health well
- 645 were managing their physical health well
- 280 had reduced their substance misuse

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ii. Designing and delivering innovative services in partnership with our customers

We work in partnership with commissioners and customers to develop new ways of working which are more efficient and deliver better outcomes to customers than existing approaches. The Hounslow Young People Pathway demonstrates a collaborative approach to working, where we were able to save the Commissioner money by reducing out of Borough placements and ensuring that those with the most need were able to access the services that need.

We have also worked collaboratively with commissioners to develop a bespoke service from our property in a neighbouring borough, which will bring two individuals with highly complex physical and learning disabilities out of high cost NHS placements, allowing them to live more independently and to achieve better outcomes.

Customer Satisfaction

Overall satisfaction has improved to 89% for the year. We saw improvements across all categories, with all measures now achieving over 80%.

Customer Satisfaction with:	Benchmark	Target	2015	2016	2017	2018
Overall service provided by Look Ahead	89%	87%	83%	86%	86%	89%
Choice and control over their support	NA	85%	80%	84%	85%	90%
Opportunities to get involved	83%	83%	76%	82%	83%	88%
Where they live	91%	75%	73%	74%	77%	83%
Maintenance	77%	72%	69%	71%	74%	82%

iii. Achieving sustainable growth, maximising social and economic returns on investment

Overall we delivered £5.0 million of new social care business against a target of £6.6 million. Whilst this was below the target we set for ourselves, we consider the performance for the year to be successful as we retained £7.0 million of our existing contract income.

Among the new services won this year are:

- Hounslow Young People Service – providing the full young people pathway
- Richmond Mental Health – providing the full mental health pathway
- Islington Crisis House – taking the total number of crisis house services to 5

Despite our growth through retaining and winning new contracts, we continue to experience the financial pressures on the NHS and local authorities; during the year we experienced the loss of £1.0m through income reduction and contract de-commissioning.

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Our business development strategy is to expand new business opportunities outside of the tendering process. This will either be through bespoke support packages, maximising the return on our existing stock or acquisition of property or small businesses. Look Ahead have an investment portfolio of £43 million that will enable the delivery of this strategy. In the medium term, we will be looking to use this capital with a mixture of debt finance to redevelop existing sites to increase capacity and to purchase property or small businesses that compliment our strategic objectives. We currently have a low level of gearing, as much of our existing stock was 100% funded with Social Housing Grant. Our business model is not to develop stock for general needs or shared ownership, therefore we have previously not needed to raise large levels of finance like other Associations, therefore we have very low gearing when compared to sector median gearing ratio of 41.6%. Other than principle repayments, there were no changes to the loan portfolio in the year.

	2017/18	2016/17
Gearing Ratio	8.00%	7.27%

We continued to invest in our properties to support the business development strategy but also to enhance our Landlord compliance responsibilities. We have converted properties such as Anerley Station Road for care leavers and Stratford Road for customers with profound learning disabilities. In 2017/18 we capitalised £2.7 million of major repairs, which was £1.2 million higher than the previous year. This reflected in our EBITDA MRI performance (earning before interest, tax, depreciation, amortisation and major repairs interest cover). To achieve our strategy of sustainable growth focusing on those with higher support and care needs, it is important for us to invest in our properties and customise as required for the intended customer. All capital investment goes through a rigorous appraisal process, ensuring that the future income of the support contract and the housing income returns a positive NPV. As the majority of our stock is used for care and support provision, it is necessary to include the contract income in these calculations. The investment made will improve our future EBITDA MRI performance. The unique nature of our business, to provide care and support from both our own and other landlords property, means that the level of surpluses we generate are low compared to other Associations, whose median EBITDA MRI is 228.8%. We are seeking to improve margins through efficiencies and growth but 79% of our turnover is from low margin activity; care and support provision and landlord activity in buildings that we manage on behalf of other landlords.

	2017/18	2016/17
EBITDA MRI	(21.52%)	113.7%

Our social purpose means we operate with very low margins, when compared to our asset base. Our Business Development and Acquisition strategies seek to improve margins, but when compared to general needs housing associations we will always make relatively low margins when compared to others in our sector. Our Return on Capital Employed (ROCE)

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improved slightly in 2017/18, reflecting the improvement made in operating surplus and utilisation of £5.0 million of the investments held with Rothschild, but is still vastly less than the sector median of 30.28%

	2017/18	2016/17
Operating Surplus	477	384
Gain on asset disposals	207	244
Return	684	628
Fixed Assets	165,856	170,327
Current liabilities	4,011	5,667
Capital	161,845	164,650
ROCE %	0.42%	0.38%

iv. Recruit, develop and retain a high performing workforce through strong leadership

We are in the second year of our current Workforce Development Strategy therefore remain committed to both London and National Living Wage, and formal staff recognition awards. There has been a particular focus on staff recruitment and retention.

Recruitment and Retention

For the third consecutive year we have improved voluntary staff turnover to 26.7%. We understand that retaining valuable members of staff is crucial to achieving our business objectives.

We have begun refreshing our recruitment process during the year which has enabled the recruitment of some key posts in areas that have been historically difficult to recruit. We held eight assessment centres, one of which was successful in identifying suitable candidates for 89% of vacancies held in the staff team for a newly transferred large service. We will be able to build on this further in the coming year, when the next phase of our people software, iTrent, is implemented. We will be able to utilise the Talent Pool functionality; running frequent assessment centres to build up a database of suitable future employees.

Learning & Development

Look Ahead has a comprehensive learning and development programme, which ensures our staff have the right skills to deliver support and care to a wide range of customers. The average cost of training per individual is £225, when compared the CIPD bench mark of £210-£225 per employee, demonstrating our commitment to investing in our staff.

Leadership and Management Development

Our refocused management development programme has been accredited by the Institute of Leadership and Management (ILM). The programme supports movement through career pathways at Look Ahead, with modules covering both practical and theoretical

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learning for our future leaders. During the year 73 employees went through the programme; 30 of which were internally promoted.

Apprentices Programme

Look Ahead's Apprentice Programme provides an opportunity for apprentices to gain experience in the workplace, develop knowledge and skills and undertake a Level 2 Health and Social Care qualification. This year we have taken on 7 Apprentices, with a further 37 employees accessing training through the government apprenticeship levy scheme.

v. Enhance our financial strength and viability

Financial efficiency and economy:	Benchmark	Target	2015	2016	2017	2018
Contract income collection	NA	90%	94%	90%	92%	111%
Void %	6.0%	5.3%	6.8%	7.1%	6.3%	7.0%
Net arrears of current tenants	6.0%	5.5%	6.6%	7.8%	6.9%	8.9%
Bad debt %	NA	3.7%	4.0%	4.1%	5.1%	3.9%
Agency staff as % of total staff spend (see section iv above)	NA	3.0%	11.0%	5.7%	2.5%	3.4%
Voluntary staff turnover	22%	27%	29%	30%	27%	27%
Overheads as % of turnover	12.2%	13.5%	13.8%	13.9%	14.6%	15.6%

Operating surplus

Look Ahead's operating surplus, including a provision for a bonus for staff for 2017/18 was £0.5 million (0.8% of turnover), which is an improvement of £0.1 million from 2016/17, reflecting not only a successful year with regard new business but operational efficiencies in the year.

These results reflect another very challenging year for Look Ahead and the supported housing sector as a whole. Government austerity and welfare reform have reduced margins significantly across the sector over the last decade for all organisations, but we have continued to remain financially viable without the need to fundraise or operate a development for sale model.

The table overleaf shows our overall operating margin performance against comparable organisations that we regularly compete against for care and support contracts in the tender process and their financial performance for 2016/17. Our performance improved by 0.1%, which was driven by margin improvement on our landlord business in properties that we own. The operating margin on our support business worsened in the year due continued cost pressures and no inflationary increases. In the coming year we will be seeking to negotiate additional income with those commissioners for which we run

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contracts that do not make the minimum contribution. Where this is not possible, we will consider handing services back.

Overall operating margin					
	2017/18		2016/17		
	Look Ahead	Look Ahead	Organisation A	Organisation B	Organisation C
Turnover	57,359	52,852	77,171	24,180	38,862
Expenditure	(56,882)	(52,470)	(78,297)	(23,793)	(39,389)
Operating Surplus	477	382	(1,126)	387	(527)
Operating Surplus %	0.8%	0.07%	(1.14%)	1.6%	(1.4%)

* figures exclude fundraising income and expenditure and transfers from parent entities

Our unique business model means that only 42% of our income comes from housing activity. In line with our strategy to provide support to more vulnerable people, we often have to enter into an agreement with another landlord to provide the housing management in properties that we run services from; we manage almost as many units for other landlords as we do our own. These management agreements often come with challenging terms, but entering into the agreements is essential if we are to achieve our social objective. In 2017/18 the operating surplus for our own stock improved by 10.14% reflecting the investment made to bring management voids back into use and the focus on arrears performance. The result is much closer to the sector median of 31.56%. The operating surplus on managed properties worsened by 1.84% to a deficit of 10.20%. This was largely driven by a number of services where a service transformation has driven either higher levels of voids or higher expenditure.

Social Housing Operating Margin						
	2017/18			2016/17		
	Owned	Managed	Total	Owned	Managed	Total
Turnover	11,729	11,908	23,637	10,301	11,728	22,030
Surplus	2,993	(1,215)	1,779	1,584	(981)	603
Operating Surplus %	25.52%	(10.20%)	7.52%	15.38	(8.36%)	2.74%

Contract income collection

Our contract income collection improved to 110% from 92% in 2017/18. This reflects the efforts to improve processes and additional resources within the income collection team.

Void loss

We face a particular challenge when it comes to managing voids as our commissioners expect most of our customers to move on within 2 years.

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In the year we saw a worsening in voids performance of both our own and managed units. With our own units this was as a result of the delay in letting for the first time, successfully redeveloped previous management voids.

The majority of new contracts are provided from other landlords buildings. In several instances, we have successfully worked with commissioners to redevelop or decommission services, which means that we have had to decant buildings whilst the service transitioned, thus resulting in higher voids. In some cases, we have able to negotiate with the landlord in reducing the management fee liability.

	2017/18			2016/17		
	Owned	Managed	Total	Owned	Managed	Total
Rent & Service Charge income	9,606	13,510	23,116	8,621	13,221	21,842
Voids	544	1,070	1,614	462	920	1,382
Voids %	5.7%	7.9%	7.0%	5.4%	7.0%	6.3%

Rent losses

We narrowly missed our bad debt target of 3.7%, however performance improved across our owned and managed stock. In the year a large women's hostel was decommissioned, with this service excluded we would have achieved target.

	2017/18			2016/17		
	Owned	Managed	Total	Owned	Managed	Total
Rent & Service Charge income	9,606	13,510	23,116	8,621	13,221	21,842
Bad debts	184	712	896	340	780	1,121
Bad debts %	1.9%	5.3%	3.9%	3.9%	5.9%	5.1%

Costs per unit

As a supported housing provider, we incur higher levels of expenditure than other General Needs Housing Associations. We invariably pay for most services on behalf of our tenants; we provide furniture and undertake more routine maintenance due to the nature and high turnover of our tenants. The 2017/18 overall social housing cost (before care and support costs) per unit increased by £179 from 2016/17.

The support costs per unit are not a direct correlation of the number of units we manage; we provide care and support to people for whom we do not provide housing management and conversely provide housing management to tenants that we do not provide support for. The number of customers for which we provided support increased by 207 in 2017/18 but the total number of units increased by only 54. Inclusion of the support costs and the additional expenditure that we incur is illustrated when comparing our social housing cost per unit to the sector median of £3,306.

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Social Housing cost per unit						
	2017/18 Owned	2017/18 Managed	2017/18 Total	2016/17 Owned	2016/17 Managed	2016/17 Total
Total units	1,251	1,182	2,433	1,253	1,099	2,352
Service charges	2,225	4,102	3,137	2,524	4,035	3,230
Management	1,986	5,745	3,812	2,108	6,152	3,997
Routine maintenance	1,309	514	922	1,026	540	799
Major repairs	105	6	57	334	16	186
Capitalised major repairs	2,100	59	1,109	1,212	-	646
Total cost before support costs	<u>7,724</u>	<u>10,426</u>	<u>9,037</u>	<u>7,204</u>	<u>10,742</u>	<u>8,858</u>
Support & other costs			14,283			13,171
Total social housing cost including support			<u>23,335</u>			<u>22,029</u>

Managed Units

In units that we manage, the reduction of £321 per unit was largely driven by the management costs. As the majority of this expenditure is management fee payable to other landlords, the year on year charge reduced in line with the Government policy of a 1% rent reduction. Increases in the service charge cost increased by 1.6%, less than inflation for the year of 2.3%.

Owned Units

The increase of £520 per unit was as a result of the additional investment that we made in our property in 2017/18; £1.2 million more than in 2016/17. Efficiencies made in service charges and management costs reduced the overall impact of the additional investment.

Agency staff

Agency spend in the year missed the target of 3.0% by 0.4% and increased by 0.9% on the previous year. This was due to high agency spend in a new large service in Milton Keynes, where we did not have a pool of existing staff and Personal Support Assistants to draw on, and recruitment took longer than we expected. We have learnt from this; when entering new outer London areas in the future, we will hold assessment centres ahead of the service transition.

Overheads as a % of turnover

Overheads of 15.6% increased from last year's performance of 14.6%. Some of this is down to one time expenditure. We invested heavily in the Landlord function in the year. We engaged with Savills, who helped review and strengthen our landlord compliance and our Asset Management Strategy. We also increased the resources within the Landlord and Property Services Teams. There was also an increase in the cost of IT, due to the replacement of two business critical systems, that will aid future efficiencies and allow the organisation to be more digitally focused. Our five year vision is to grow into a £70+ million

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REPORT OF THE BOARD OF MANAGEMENT

turnover business. In order to achieve this growth, we need the appropriate structures and systems to be able to absorb this growth. In the coming year, we will be embarking on a procurement review to ensure all non-staff costs are value for money.

Surpluses and reserves

The generation of a sustainable level of surpluses is a key element of Look Ahead's financial strategy, intended to maintain long term financial stability for the organisation, to meet the gearing and interest cover covenants of lenders and to cover unforeseen events.

Look Ahead's reserves as at the 31 March 2018 are £76.9 million of which £0.2 million are restricted reserves.

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. More recently we have generated some one-off exceptional surpluses arising from the sale of our large hostels. The majority of the surpluses arising from these property sales have been invested with our Investment Managers, Rothschild for the medium term with some funds earmarked to invest in our business development strategy, including the acquisition of property and or small businesses.

Creditors

Look Ahead aims to pay its suppliers according to their terms of business.

Employees

At year end, Look Ahead's total full and part-time staffing complement stood at 966 Full Time Equivalent posts. We have 203 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 guarantee 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 guarantee paying the National Living Wage rate of pay.

We are currently developing a refreshed People Strategy to follow on from the Workforce Development Strategy and Reward Strategy to including the following themes:

- A Safe Working Culture
- Recruitment and Talent Management
- Reward and Retention
- Engagement and Digital
- Diversity, Inclusion and Wellbeing

Policies and procedures are regularly updated via staff consultation at the Health and Safety Forum and good practice is reinforced. Emergency planning, both centrally and

LOOK AHEAD CARE AND SUPPORT LIMITED

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locally, ensures that Look Ahead is prepared and able to deal with emergencies, whether of short or long duration. We have positive relationships with UNISON.

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 eight non-executive and one executive 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.

Operational responsibility is delegated to the Chief Executive and Senior Leadership Team. The Chief Executive advises the Board on strategic issues. The Chief Executive, Executive Directors and Directors 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 service 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
- Customer Services Committee
- Urgency Committee
- Remuneration Committee
- Nomination Committee

Members of these Committees are selected from the Board of Management, with the exception of the Customer Services Committee whose membership comprises up to 20 current Look Ahead customers and up to three Board members, one of whom is appointed as Chairman.

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.

LOOK AHEAD CARE AND SUPPORT LIMITED

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The **Customer Services Committee** is a formally constituted committee of Look Ahead's Board of Management. Its purpose is to provide a high level customer voice within the organisation, to optimise opportunities for customers across the organisation to play an active role in influencing service design and delivery and to feedback on quality, performance and outcomes information, contributing to continuous service improvement.

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 Executive Directors' remuneration annually. The Committee has met twice in 2017/18 in which it reviewed its terms of reference, the Executive Director and Directors' salaries, 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 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 nominate for approval the board candidates to fill Board vacancies as they arise.

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

LOOK AHEAD CARE AND SUPPORT LIMITED

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assets such as property, talent, expertise, technology, intellectual property and new innovative social care service models. This therefore supports Look Ahead's overall corporate and financial objectives.

Internal controls assurance

The Board has overall responsibility for establishing and maintaining the whole 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 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 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.

LOOK AHEAD CARE AND SUPPORT LIMITED

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◆ **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.

◆ **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.

LOOK AHEAD CARE AND SUPPORT LIMITED

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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.

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
- Observe the methods and principles in the Housing SORP; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association 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 and the Housing and Regeneration Act 2008. They are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board 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.

LOOK AHEAD CARE AND SUPPORT LIMITED

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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

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 2018 which comprise the Statements of Comprehensive Income, Statement of changes in Reserves and Statements of Financial Position 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 2018 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 ...], 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: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's 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**

Date

LOOK AHEAD CARE AND SUPPORT LIMITED

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2018

	Note	Group 2018	Association 2018	Group 2017	Association 2017
		£'000	£'000	£'000	£'000
Turnover	5	57,359	57,359	52,852	52,852
Operating expenditure	5	(56,882)	(56,882)	(52,470)	(52,470)
Operating surplus	5	477	477	382	382
Gain on disposal of property, plant and equipment (fixed assets)	23	207	207	244	244
Interest receivable		10	10	7	7
Investment income receivable		743	743	739	739
Investment charges payable	12	(299)	(299)	(308)	(308)
Interest and financing costs	8	(97)	(97)	(335)	(335)
Increase /(decrease) in fair value of financial investments	12	(338)	(338)	3,215	3,215
Increase in valuation of investment properties	12	-	-	328	328
Total surplus and comprehensive income for the year		703	703	4,272	4,272

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 2018

Group

	Unrestricted Reserve	Restricted Reserve	Total
	£'000	£'000	£'000
Balance at 31 March 2016	71,686	209	71,895
Surplus/(deficit) from statement of comprehensive income for the year ended 31 March 2016	4,274	(2)	4,272
Balance at 31 March 2017	<u>75,960</u>	<u>207</u>	<u>76,167</u>
Surplus/(deficit) from statement of comprehensive income for the year ended 31 March 2018	730	(27)	703
Balance at 31 March 2018	<u><u>76,690</u></u>	<u><u>180</u></u>	<u><u>76,870</u></u>

Association

	Unrestricted Reserve	Restricted Reserve	Total
	£'000	£'000	£'000
Balance at 31 March 2016	71,687	209	71,896
Surplus/(deficit) from statement of comprehensive income for the year ended 31 March 2016	4,274	(2)	4,272
Balance at 31 March 2017	<u>75,961</u>	<u>207</u>	<u>76,168</u>
Surplus/(deficit) from statement of comprehensive income for the year ended 31 March 2018	730	(27)	703
Balance at 31 March 2018	<u><u>76,691</u></u>	<u><u>180</u></u>	<u><u>76,871</u></u>

LOOK AHEAD CARE AND SUPPORT LIMITED

STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2018

	Note	Group 2018	Association 2018	Group 2017	Association 2017
		£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets	10	1,035	1,035	441	441
Tangible fixed assets	11	117,898	117,898	117,369	117,369
Investments	12	46,923	46,923	52,517	52,517
Total fixed assets		165,856	165,856	170,327	170,327
Current assets					
Trade and other debtors	14	6,640	6,643	6,790	6,791
Cash and cash equivalents		3,155	3,155	1,886	1,886
Total current assets		9,795	9,798	8,676	8,677
Creditors					
Amounts falling due within one year	15	(13,807)	(13,809)	(14,354)	(14,354)
Net current liabilities		(4,012)	(4,011)	(5,678)	(5,677)
Total assets less current liabilities		161,844	161,845	164,649	164,650
Creditors					
Amounts falling due after more than one year	16	84,974	84,974	88,482	88,482
Total net assets		76,870	76,871	76,167	76,168
Reserves					
Income and expenditure reserve		76,690	76,691	75,960	75,961
Restricted reserve		180	180	207	207
		76,870	76,871	76,167	76,168

The financial statements on pages 28 to 63 were approved and authorised for issue by the Board of Management on **Date** 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 2018

	2018		2017	
	£'000	£'000	£'000	£'000
Net cash generated from operating activities (see Note 1)		630		933
Cash flow from investing activities				
Purchase of fixed assets	(4,333)		(2,833)	
Proceeds from sale of fixed assets	685		1,478	
Purchase of investments	(2,243)		(739)	
Disposal of investments	7,200		3,700	
Interest received	10		746	
		1,319		2,352
Cash flow from financing activities				
Interest paid	(84)		(98)	
Recycled capital grant repaid	(214)		(3,663)	
Housing loans repaid	(382)		(365)	
		(680)		(4,126)
Net change in cash and cash equivalents		1,269		(841)
Cash and cash equivalents at beginning of year		1,886		2,727
Cash and cash equivalents at end of year		3,155		1,886
Comprising:				
Cash		1,874		1,879
Short term deposits		1,281		7
		3,155		1,886

LOOK AHEAD CARE AND SUPPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

1. CASH FLOW FROM OPERATING ACTIVITIES	2018	2017
	£'000	£'000
Surplus for the year	703	4,272
<i>Adjustments for non-cash items:</i>		
Depreciation of tangible fixed assets	2,211	2,015
Amortisation of intangible fixed assets	128	143
Decrease in trade and other debtors	150	(240)
Decrease in trade and other creditors	(912)	773
Pension costs less contributions payable	(1,273)	(995)
Carrying amount of tangible fixed assets disposals	(207)	(479)
<i>Adjustments for investing or financing activities</i>		
Increase in fair value of investments	338	(3,543)
Government grants amortised in the year	(894)	(910)
Interest payable	97	335
Investment charges payable	299	308
Interest receivable	(10)	(746)
Net cash generated from operating activities	630	933

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 subsidiary Look Ahead Developments 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:

Liabilities

There are liabilities held within the accounts for potential payments for a number of reasons such as rental payments not made due to lack of invoicing and disputed invoiced amounts, which are accrued appropriate to the perceived liability.

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.

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. There was no interest 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
Structure – Hostels	100 years
Bathroom	20 years
Kitchen	20 years
Roof (depending on type)	15-50 years

LOOK AHEAD CARE AND SUPPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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 2017 and 31 March 2018, 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 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 or acquiring an equivalent asset on the open market.

Investment properties

Investment properties are accounted for at fair value through income and expenditure. Valuations are conducted annually by independent Royal Institute of Chartered Surveyors (RICS)-registered valuers in accordance with RICS Valuation - Professional Standards.

LOOK AHEAD CARE AND SUPPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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.

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.
- 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 there has been a significant change in amortisation rate or residual value of an asset, the amortisation of that asset is revised prospectively to reflect the new expectations.

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.

Look Ahead ceased to be an employing authority in a third scheme, the London Borough of Tower Hamlets Pension Fund, on 22 May 2014. The final contribution due to the fund of £48,000 was paid during the year ended 31 March 2017.

The Social Housing Pension Scheme defined benefit schemes are operated by the Pensions Trust. Contributions to these pension schemes are calculated as a percentage

LOOK AHEAD CARE AND SUPPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

of pensionable salaries of the employees, determined in accordance with actuarial advice plus past deficit contributions. It is not possible to separately determine the proportion of the total pension scheme's assets and liabilities that are attributable to Look Ahead because the scheme is a multi-employer scheme.

Look Ahead makes contractually agreed contributions to The Pensions Trust in order to reduce its estimated share of the defined benefit scheme deficit. The present value of the contributions is recognised as a liability in the Statement of Financial Position. Periodic amendments to the agreement and changes in the discount rate are recognised in operating expenditure. Unwinding of the discount in respect of the liability is recognised as a finance cost in the period in which it arises.

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

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 a finance cost in profit or loss 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 which allows it to recover a proportion of the VAT incurred on its office overheads. The financial statements include 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 profit or loss 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 benefit of lease incentives are recognised as a reduction to the expense recognised over the lease term on a straight line basis.

Agency managed accommodation

Where accommodation is managed for Look Ahead by a specialist agency and all, or substantially all, the economic risks and benefits are carried by Look Ahead, all income and expenditure relating to that scheme is included in the income and expenditure account. 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/cost less any impairment.

LOOK AHEAD CARE AND SUPPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

5. LETTINGS AND RELATED INFORMATION

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

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			
Commercial property	353	(49)	304
Other	47	-	47
Total	57,359	(56,882)	477

Group and Association 2017			
	Turnover	Operating Costs	Operating surplus / (deficit)
	£'000	£'000	£'000
Social housing lettings (note 5b)	22,030	(21,427)	603
Other social housing activities			
Care & Support contracts	30,400	(30,981)	(581)
Past pension deficit costs	-	-	-
Development	-	-	-
Activities other than social housing activities			
Commercial property	410	(62)	348
Other	12	-	12
Total	52,852	(52,470)	382

LOOK AHEAD CARE AND SUPPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

5. LETTINGS AND RELATED INFORMATION (continued)

(b) Particulars of income and expenditure from lettings

	Group and Association	
	Supported Housing	
	2018	2017
	£'000	£'000
Income		
Rent receivable net of identifiable service charges	12,703	12,498
Service charge income	10,054	8,637
Amortised government grants	880	895
Total income from Social Housing lettings	23,637	22,030
Operating Expenditure		
Service charges	7,632	7,596
Management	9,275	9,402
Routine maintenance	2,243	1,879
Major repairs	138	437
Depreciation of properties	1,674	992
Rent and service charge losses from bad debts	896	1,121
Total expenditure on Social Housing Lettings	21,858	21,427
Operating surplus on Social Housing Lettings	1,779	603

Net rental income includes voids of £830,000 (2017: £770,000): 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 2018

5. LETTINGS AND RELATED INFORMATION (continued)

(c) Accommodation in management

	Group and Association	
	2018	2017
	Number of Units	Number of Units
Supported housing	2,265	2,289
Registered care homes	28	63
	2,293	2,352
	Number of customers	Number of customers
Domiciliary and other customers	3,860	3,653

LOOK AHEAD CARE AND SUPPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

5. LETTINGS AND RELATED INFORMATION (continued)

(d) Agency managed accommodation

The following organisations manage accommodation on behalf of Look Ahead. Their results have not been included within these financial statements.

Managing body	Group and Association			
	Net Income Receivable			
	31 March 2018		31 March 2017	
	£'000	Number of units	£'000	Number of units
Ability Housing	66	21	66	21
CAYSH	35	7	33	7
Certitude Support	117	6	-	-
Depaul UK	34	7	-	-
Hestia	68	15	87	15
Housing Options Service, Westminster City Council	541	44	-	-
London Cyrenians	187	28	190	28
One Housing	-	-	65	21
Outlook Care Ltd	20	5	20	5
Support for Living	-	-	117	6
Swan Housing Association	75	15	71	15
Total	1,217	157	649	118

LOOK AHEAD CARE AND SUPPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

5. LETTINGS AND RELATED INFORMATION (continued)

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

Registered Provider	Group and Association			
	Income payable by Look Ahead Care and Support			
	31 March 2018		31 March 2017	
	£'000	Number of units	£'000	Number of units
Amicus Horizon	120	39	143	39
ASRA	10	6	20	6
BPHA	46	10	8	10
Central & Cecil Housing	72	24	71	24
Downshire Homes	130	12	16	11
Family Mosaic	71	20	80	20
Gateway HA	50	9	51	9
Genesis HA	241	63	353	88
Guinness Partnership	66	16	14	16
Harrow Council	23	15	23	15
Hexagon	211	51	169	51
Hyde HA	200	96	333	69
London & Quadrant Housing Trust	693	180	700	167
Metropolitan Housing	113	30	78	20
Milton Keynes Council	58	20	12	16
Moat	81	34	72	27
Network Stadium	322	127	391	149
Notting Hill HA	390	76	377	66
NHS Property Services	66	15	57	15
One Housing Group	120	21	104	21
Orbit Housing	31	16	5	16
Peabody Trust	380	101	380	101
Richmond	11	12	-	-
Salvation Army HA	847	242	-	-
Shepherds Bush HA	189	62	1,100	242
St Mungo's	517	139	538	149
Town & Country	27	7	27	7
Total	5,119	1,483	5,169	1,366

LOOK AHEAD CARE AND SUPPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

5. LETTINGS AND RELATED INFORMATION (continued)

The information above relates to accommodation owned by other registered social landlords (RSLs) 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	2018	2017
	£'000	£'000	£'000	£'000
Aggregate emoluments paid to Directors (including Chief Executive)	766	54	821	1,011
Board members	82	-	82	88

Included in the emoluments paid to Directors are aggregate redundancy payments amounting to £NIL (2017: £60,000).

The amount paid to the highest paid director, excluding pension contributions was £156,000 (2017: £173,392). The Chief Executive was not the highest paid director due to payments made to another Director during the year in lieu of notice on termination of employment.

Total expenses of £1,298 (2017: £775) were reimbursed to the 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:

	2018	2017
	£'000	£'000
Total	903	1,164
Number of individuals	18	17

LOOK AHEAD CARE AND SUPPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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	2018		2017	
		£000's	Attendance at Board meetings	£000's	Attendance at Board meetings
Julie Jones	Chairman	18.1	6/6	12.5	6/6
Jane Hives	ARC Chairman	12.5	5/6	12.5	6/6
Sean Duggan	RemCom Chairman	10.0	5/6	10.0	6/6
Graham Buckland	ITC Chairman	10.4	6/6	10.0	6/6
Chris Dobson	CSC Chairman	10.0	6/6	10.0	5/6
Robert Drummond	Board Member	10.8	4/6	0.0	1/1
Stephen Alexander (resigned June 2017)	Chairman	5.0	2/2	20.0	6/6
Moirá Sinclair (resigned June 2017)	Deputy Chairman	3.1	2/2	12.5	3/6
Tom Dacey (joined Nov 2017)	Board Member	0.0	3/3	-	-
Richard Jones (joined Feb 2017)	Board Member	1.7	2/2	-	-

LOOK AHEAD CARE AND SUPPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

	2018	2017
	Number	Number
Salary banding for all employees earning over £60,000 (including salaries, bonus, any termination payments and pensions):		
£60,000 - £70,000	3	5
£70,001 - £80,000	3	1
£80,001 - £90,000	1	3
£90,001 - £100,000	1	2
£100,001 - £110,000	3	1
£110,001 - £120,000	1	-
£120,001 - £130,000	-	1
£130,001 - £140,000	-	-
£140,001 - £150,000	-	-
£150,001 - £160,000	1	-
£160,001 - £170,000	-	1
£170,001 - £180,000	-	1
	13	15

7. EMPLOYEE INFORMATION

	Group and Association	
	2018	2017
	Number	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	88	73
Housing, support and care staff	878	820
	966	893
The average number of employees (expressed as full time equivalents) employed during the year was:	953	880

LOOK AHEAD CARE AND SUPPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

Staff costs for these employees were:

	2018	2017
	£'000	£'000
Wages and salaries	23,636	22,674
Social security costs	2,253	2,014
Other pension costs (see note 17)	418	362
	<hr/>	<hr/>
	26,308	25,050
Contract staff employed through agencies	1,211	847
Personal Support Assistant wages	2,033	1,613
Personal Support Assistant Social Security costs	170	104
Personal Support Assistant pension costs	18	15
	<hr/>	<hr/>
Total staffing costs	29,739	27,629
	<hr/> <hr/>	<hr/> <hr/>

Included in the amounts above are wages and salaries for Board members amounting to £81,700 (2017: £87,500) and social security costs of £3,800 (2017: £4,200)

8. INTEREST AND FINANCING COSTS

	Group and Association	
	2018	2017
	£'000	£'000
On bank and other loans	91	106
Unwinding of the discount factor on past pension deficit contributions (see note 17)	6	229
	<hr/>	<hr/>
	97	335
	<hr/> <hr/>	<hr/> <hr/>

No interest has been capitalised in the year (2017: £NIL).

LOOK AHEAD CARE AND SUPPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

9. SURPLUS FOR THE YEAR

	Group 2018	Association 2018	Group 2017	Association 2017
	£'000	£'000	£'000	£'000
Surplus for the year is stated after charging:				
Amortisation of intangible assets	128	128	143	143
Depreciation of tangible fixed assets	2,211	2,211	2,015	2,015
Auditor's remuneration (excluding VAT):				
In their capacity as auditors	33	32	36	36
In respect of other services	-	-	-	-
Hire of non-plant and machinery assets under operating leases	368	368	413	413

10. INTANGIBLE FIXED ASSETS

	2018	Group and Association 2017
	Software	Software
	£'000	£'000
Cost		
At 1 April 2017	1,244	877
Additions	732	367
Disposals	(733)	-
At 31 March 2018	1,243	1,244
Amortisation		
At 1 April 2017	(803)	(660)
Amortisation charge for the year	(128)	(143)
Eliminated on disposals	723	-
At 31 March 2018	(208)	(802)
Net book value At 31 March 2018	1,035	441
At 31 March 2017	441	217

LOOK AHEAD CARE AND SUPPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

11. TANGIBLE FIXED ASSETS

(a) Operational housing properties

	Group and Association	
	2018	2017
	£'000	£'000
Cost		
At 1 April 2017	127,147	129,578
Additions - existing properties	2,697	1,087
Additions - components	-	432
Transfer between asset codes	6	-
Disposals	(774)	(3,950)
At 31 March 2018	129,076	127,147
Depreciation		
At 1 April 2017	(13,494)	(12,729)
Depreciation charge for the year	(1,214)	(1,033)
Disposals	108	268
At 31 March 2018	(14,600)	(13,494)
Impairment		
At 1 April 2017	-	-
Charge for the year	-	-
Disposals	-	-
At 31 March 2018	-	-
Net book value		
At 31 March 2018	114,476	113,653
At 31 March 2017	113,653	116,849

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

The total amount expended on existing properties in the year was £2,697,000 (2017: £2,316,000)

The total book value of properties secured against the loan portfolio of £5,998,000 (note 16) is £8,834,000.

LOOK AHEAD CARE AND SUPPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

11. TANGIBLE FIXED ASSETS (continued)

(a) Operational housing properties (continued)

	2018 £'000	2017 £'000
Housing properties at net book value comprise:		
Freehold	105,718	106,110
Long leaseholds	8,468	7,236
Short leaseholds	290	307
	<u>114,476</u>	<u>113,653</u>

(b) Other tangible assets

	Office improvement works £'000	Furniture & equipment £'000	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	<u>1,424</u>	<u>5,773</u>	<u>802</u>	<u>7,999</u>
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	<u>(569)</u>	<u>(3,577)</u>	<u>(431)</u>	<u>(4,577)</u>
Net book value at 31 March 2018	<u>885</u>	<u>2,196</u>	<u>371</u>	<u>3,422</u>
At 31 March 2017	<u>1,005</u>	<u>2,324</u>	<u>387</u>	<u>3,716</u>

LOOK AHEAD CARE AND SUPPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(b) Other tangible assets (continued)

	Office improvement works £'000	Furniture & equipment £'000	Computer equipment £'000	Total £'000
Cost				
At 1 April 2016	1,430	4,851	1,835	8,116
Additions	-	866	81	947
Disposals	-	(152)	-	(152)
At 31 March 2017	1,430	5,565	1,916	8,911
Depreciation				
At 1 April 2016	(269)	(2,776)	(1,276)	(4,321)
Charge for the year	(156)	(573)	(253)	(982)
Disposals	-	108	-	108
At 31 March 2017	(425)	(3,241)	(1,529)	(5,195)
Net book value at 31 March 2017	1,005	2,324	387	3,716
At 31 March 2016	1,161	2,075	559	3,795

LOOK AHEAD CARE AND SUPPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

12. INVESTMENTS

(a) Financial Investments

Fair Value	Group and Association	
	2018 £'000	2017 £'000
At 1 April 2017	49,011	49,065
Additions	2,243	739
Disposals	(7,200)	(3,700)
Investment charges	(299)	(308)
Unrealised gain / (loss)	(338)	3,215
At 31 March 2018	43,417	49,011
Historical cost	40,274	42,563

Fair Value	Group and Association	
	2018 £'000	2017 £'000
Money market	14,722	17,820
Fixed income securities	8,164	9,060
Equities	17,464	18,325
Properties	-	-
Alternative investments	3,067	3,806
At 31 March 2018	43,417	49,011

LOOK AHEAD CARE AND SUPPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(b) Investment Property

Fair Value	Group and Association	
	2018 £'000	2017 £'000
At 1 April 2016	3,506	3,178
Additions	-	-
Disposals	-	-
Increase in fair value	-	328
At 31 March 2017	3,506	3,506
Historical cost	3,547	3,547

The 2018 valuation was performed by Jones Lang Lasalle Limited in accordance with RICS valuation – professional standards 2014 on the basis of fair value.

13. INVESTMENT IN SUBSIDIARY

	2018 £	2017 £
Look Ahead Developments Limited	1	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. During the year, there were no construction services provided by Look Ahead Developments Limited to Look Ahead Care And Support Limited.

All Look Ahead Developments Limited directors 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 2018

14. TRADE AND OTHER DEBTORS

	Group 2018 £'000	Association 2018 £'000	Group 2017 £'000	Association 2017 £'000
Amounts receivable within one year:				
Gross rental debtors	3,935	3,935	3,776	3,776
Less: provision for bad debts	(2,691)	(2,691)	(2,283)	(2,283)
Net rental debtors	1,244	1,244	1,493	1,493
Trade debtors	4,026	4,026	3,609	3,609
Prepayments and accrued income	1,238	1,238	1,546	1,546
VAT	20	20	118	118
Other debtors	112	112	24	24
Look Ahead Developments Limited	-	3	-	1
	6,640	6,643	6,790	6,791

Included in the Group and Association figures above are £6,321k of assets at amortised cost (2017: £6,067k). Included in the association figures above is £1 of assets measured at cost less impairment (2017: £1). There are no assets measured at fair value through profit or loss, except for the investments disclosed in Note 12a.

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2018 £'000	Association 2018 £'000	Group 2017 £'000	Association 2017 £'000
Housing loans	409	409	386	386
Trade creditors	918	918	3,411	3,411
Defined benefit pension deficit contributions	1,324	1,324	1,273	1,273
Social Security	630	630	581	581
Other creditors	2,792	2,794	2,661	2,661
Deferred government grant (Note 25)	894	894	894	894
Accruals and other deferred income	5,722	5,722	4,321	4,321
Recycled capital grant fund (Note 24)	1,118	1,118	827	827
	13,807	13,809	14,354	14,354

Included in the Group and Association figures above are £12,388k of liabilities at amortised cost (2017: £12,314k). There are no liabilities measured at fair value through profit or loss.

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

	Group and Association	
	2018 £'000	2017 £'000
Deferred government grant (Note 25)	72,751	74,202
Housing loans	5,589	5,995
Recycled capital grant fund (Note 24)	305	638
Defined benefit pension deficit contributions	6,329	7,647
	<u>84,974</u>	<u>88,482</u>

Included in the Group and Association figures above are £78,645k of liabilities at amortised cost (2017: £80,835k). There are no liabilities measured at fair value through profit or loss.

Housing loans consist of the following:**Lender**

Newcastle Building Society	1,525	1,700
Dexia Public Finance Bank	4,196	4,403
Orchardbrook Ltd	277	278
	<u>5,998</u>	<u>6,381</u>

Amounts owed on housing properties repayable:

In one year or less (included in current liabilities)	409	386
Between one and two years	432	408
Between two and five years	1,510	1,362
In five years or more, by instalment	3,647	4,225
	<u>5,998</u>	<u>6,381</u>

The total book value of properties secured against the loan portfolio is £8,834,000 (Note 11a)

Loans are repayable at rates of interest varying between **0.65%** and **11.04%**.

LOOK AHEAD CARE AND SUPPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

17. PENSION OBLIGATIONS

a) Social Housing Pension Scheme (SHPS)

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

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

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

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

Deficit contributions

Tier 1	£40.6m per annum
From 1 April 2016 to 30 September 2020:	(payable monthly and increasing by 4.7% each year on 1 st April)

Tier 2	£28.6m per annum
From 1 April 2016 to 30 September 2023:	(payable monthly and increasing by 4.7% each year on 1 st April)

Tier 3	£32.7m per annum
From 1 April 2016 to 30 September 2026:	(payable monthly and increasing by 3.0% each year on 1 st April)

Tier 4	£31.7m per annum
From 1 April 2016 to 30 September 2026:	(payable monthly and increasing by 3.0% each year on 1 st April)

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

LOOK AHEAD CARE AND SUPPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

17. PENSION OBLIGATIONS (continued)

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

PRESENT VALUES OF PROVISION

RECONCILIATION OF OPENING AND CLOSING PROVISIONS

	2018 £'000	2017 £'000
Provision at start of period	8,920	9,912
Unwinding of the discount factor (interest expense)	112	188
Deficit contribution paid	(1,273)	(1,224)
Remeasurements - impact of any change in assumptions	(106)	44
Remeasurements - amendments to the contribution schedule	-	-
Provision at end of period	7,653	8,920

INCOME AND EXPENDITURE IMPACT

	2018 £'000	2017 £'000
Interest expense	112	188
Remeasurements – impact of any change in assumptions	(106)	44
Remeasurements – amendments to the contribution schedule	-	-
Costs recognised in income and expenditure account	6	233

The financial statements include employer contributions to the Defined Benefit scheme of £118k (2017: £110k) and Defined Contribution contributions of £301k (2017: £252k).

LOOK AHEAD CARE AND SUPPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

17. PENSION OBLIGATIONS (continued)

ASSUMPTIONS

	31 March 2018 % per annum	31 March 2017 % per annum	31 March 2016 % per annum
Rate of discount	1.72	1.93	2.06

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

The following schedule details the deficit contributions agreed between the association and the scheme at each year end period:

DEFICIT CONTRIBUTIONS SCHEDULE

Year ending	2018 £'000	2017 £'000	2016 £'000
Year 1	1,324	1,273	1,224
Year 2	1,377	1,324	1,273
Year 3	1,179	1,377	1,324
Year 4	966	1,179	1,377
Year 5	1,001	966	1,179
Year 6	833	1,001	966
Year 7	652	833	1,001
Year 8	672	652	833
Year 9	346	672	652
Year 10	-	346	672
Year 11	-	-	346
Year 12	-	-	-
Year 13	-	-	-

The association must recognise a liability measured as the present value of the contributions payable that arise from the deficit recovery agreement and the resulting expense in the income and expenditure account i.e. the unwinding of the discount rate as a finance cost in the period in which it arises. It is these contributions that have been used to derive the association's balance sheet liability.

LOOK AHEAD CARE AND SUPPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

b) Local Government Pension Schemes

During the year, a payment of £NIL (2017: £48,000) was made to London Borough of Tower Hamlets. This payment represents the cessation of the pension liability related to the Local Government Pension Scheme. The valuation represented the final contribution payable represented the actuarial valuation as at the 31 March 2015. No further liability exists

The charge to the income and expenditure account for the year was £NIL (2017: £NIL). The net pension liability in respect of the plan is £NIL (2017: £NIL).

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. All members of the Board of Management are members of Look Ahead.

	2018	2017
	£	£
Allotted, issued and fully paid at 1 April 2017	21	21
Issued during the year	-	-
At 31 March 2018	21	21

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 subsidiary, Look Ahead Developments Limited.

20. TAXATION

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

LOOK AHEAD CARE AND SUPPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

21. CAPITAL COMMITMENTS

At 31 March 2018, the value of capital expenditure which had been contracted for but not provided for in the financial statements was **£NIL**. (2017: £NIL).

22. FINANCIAL COMMITMENTS

At 31 March 2017, 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	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Financial commitments payable:				
Between one and two years	325	326	-	3
Between two and five years	45	370	159	7
More than 5 year	-	-	-	-
	<u>370</u>	<u>696</u>	<u>159</u>	<u>10</u>

23. SURPLUS ON DISPOSAL OF FIXED ASSETS

	Group and Association	
	2018 £'000	2017 £'000
Net proceeds of sales	714	4,490
Cost of sales	(507)	(4,246)
Net surplus on sales	<u>207</u>	<u>244</u>

LOOK AHEAD CARE AND SUPPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

24. RECYCLED CAPITAL GRANT FUND

	Group and Association	
	2018	2017
	£'000	£'000
At 1 April 2017	1,465	4,970
Addition for the year	165	138
Utilised on developments	-	-
Repaid in year	(214)	(3,663)
Interest accrued	7	20
At 31 March 2018	1,423	1,465

RECYCLED CAPITAL GRANT PAYMENTS DUE

	2018	2017
	£'000	£'000
Greater London Authority	974	1,018
Homes and Communities Agency	449	447
	1,423	1,465

Amounts of capital grant repayable:

In one year or less (included in current liabilities)	1,118	827
Between one and two years	140	-
Between two and three years	165	638
	1,423	1,465

LOOK AHEAD CARE AND SUPPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

25. DEFERRED GOVERNMENT GRANT

	Grant at cost	Amortisation	Total Net Grant
	£'000	£'000	£'000
At 1 April 2017	89,436	(14,340)	75,096
Grants received in year	-	-	-
Disposals	(494)	69	(425)
Grant recycled on disposal	(166)	34	(132)
Amortisation	-	(894)	(894)
At 31 March 2018	88,776	(15,131)	73,645