

TWO SAINTS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

TWO SAINTS LIMITED

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TWO SAINTS LIMITED

PARTICULARS OF THE BOARD OF MANAGEMENT, OFFICERS AND ADVISORS

Board of management	Senior management team
Mr J Carter	Steve Benson, Chief Executive
Mr A Cobb, Chair (retired Aug 2019)	Charlotte Buckingham, Regional Director
Mr N Cross	Janice Hughes, Finance Director
Ms B Harvey	James McDermott, Regional Director
Ms D Palmer	Sharon Smith, Human Resources Director
Ms H Keats (resigned Aug 2019)	
Ms J Vaux	
Ms J Toben, Chair (appointed Aug 2019)	
Mr M Woosey	
Ms G Kennett	
Mr S Rose (appointed November 2019)	

Secretary

Mr S Benson

Registered office	Solicitors	Auditors	Banks
35 Waterside Gardens Fareham Hampshire PO16 8SD	Capsticks Staple House Staple Gardens Winchester SO23 8SR	Nexia Smith & Williamson Cumberland House 15-17 Cumberland Place Southampton SO15 2BG	Lloyds Bank plc 3 Town Quay Southampton SO14 2AQ

Registration details

Two Saints Limited is a registered society under the Co-operative and Community Benefit Societies Act 2014 no. 26511R and is registered with the Regulator of Social Housing no. LH3904.

Two Saints is an exempt charity – Her Majesty's Revenue & Customs registered number XR56079

TWO SAINTS LIMITED

BOARD REPORT

The board presents its report and financial statements for the year ended 31 March 2020.

Statement of the board's responsibilities in respect of the accounts

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

In preparing these financial statements, the board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the organisation and enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. It has general responsibility for taking reasonable steps to safeguard the assets of the organisation and to prevent and detect fraud and other irregularities.

Statement on Two Saints' system of internal control

The board has overall responsibility for establishing and maintaining the whole system of internal control and reviewing its effectiveness.

The board recognises that no system of internal control can provide absolute assurance against material misstatement or loss or eliminate all risk of failure to achieve business objectives. The system of internal control is designed to manage key risks and to provide reasonable assurance that planned business objectives and outcomes are achieved. It also exists to give reasonable assurance about the preparation and reliability of financial and operational information and the safeguarding of the organisation's assets and interests.

In meeting its responsibilities, the board has adopted a risk-based approach to internal controls which are embedded within the normal management and governance process. This approach includes the regular evaluation of the nature and extent of risks to which the organisation is exposed.

The process adopted by the board in reviewing the effectiveness of the system of internal control, together with some of the key elements of the control framework includes:

- **Identification and evaluation of key risks**

Management responsibility has been clearly defined for the identification, evaluation and control of significant risks. There is a formal and ongoing process of management review in each area of our activities. The senior management team regularly considers and receives reports on significant risks facing the organisation and the chief executive is responsible for reporting to the board any significant changes affecting key risks.

- **Overall control procedures**

The board retains responsibility for a defined range of issues covering strategic, operational, financial and compliance issues including treasury strategy and new investment projects. Policies and procedures cover issues such as delegated authority, segregation of duties, accounting, treasury management, health and safety, data and asset protection and fraud prevention and detection.

- **Information and financial reporting systems**

Financial reporting procedures include budgets for the year ahead, management accounts produced monthly and forecasts for the remainder of the financial year and for subsequent years. These are reviewed in detail by the

TWO SAINTS LIMITED

BOARD REPORT

senior management team and are considered and approved by the board who also regularly review key performance indicators to assess progress towards the achievement of business objectives, targets and outcomes.

- **Monitoring and corrective action**

A process of regular management reporting on control issues provides assurance to senior management and to the board. This includes a rigorous procedure for ensuring corrective action is taken in relation to any significant control issues, particularly those that may have a material impact on the financial statements and delivery of our services.

The internal control framework and the risk management process have been subject to regular review by Mazars LLP. The internal auditors advise the senior management team and report to the audit & risk committee who consider internal control and risk at each of its meetings. During the year reviews were carried out on fire safety, safeguarding, employer health and safety and cyber security together with three compliance reviews at services and a follow up of audit recommendations from the previous year.

The audit & risk committee conducts an annual review of the effectiveness of the system of internal control and has taken account of any changes needed to maintain the effectiveness of risk management and control processes. The audit & risk committee makes an annual report to the board. The board has received this report.

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

Board members who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which our auditors are unaware; and each board member has taken all the steps that they ought to have taken as a board member to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Governance

We have an objective to ensure that we comply with regulatory and statutory codes and standards for good governance. We believe that strong governance is at the heart of our ability to provide high quality, efficient services in an open and accountable way. Our remuneration and nominations committee reports directly to the board.

In addition to attending these committees, board members attend working groups to consider matters such as health and safety, the budget or our long term financial plan and can then lead subsequent discussions at board meetings.

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 responsibilities and recruits new members with the requisite skills and experience.

Two members will be retiring at the forthcoming annual general meeting and it is proposed to appoint two new members at that meeting keeping the number on the board at nine. Julie Toben was appointed as our new chair following the retirement of Andrew Cobb at last year's annual general meeting.

The board is confident that its governance arrangements continue to be strengthened through the work of the remuneration and nominations committee and board, throughout the year. The board's standing orders have been reviewed. This review included the code of conduct for board members, the role of the chairs of the board and committees and of board members, and the terms of reference of committees and the senior management team.

We are committed to upholding the National Housing Federation's Excellence in Standards of Conduct and maintaining high standards of business probity. All board members and the senior management team sign an annual declaration of interest form every year.

The board confirms that they comply with the principles and guidelines in the National Housing Federation's 2015 Code of Governance.

The board confirms that they comply with the Regulator of Social Housing governance and financial viability standard.

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In 2019/20 the board held two away days to consider the future strategic direction of the organisation.

The board remains non-executive in its function and is responsible for the organisation's overall direction and strategy. Board members are listed on page 3. They have no beneficial interests in the organisation's share capital.

Operational responsibility is delegated to the chief executive who also advises the board on strategic issues. The chief executive has no beneficial interests in the organisation's share capital.

Members of committees are selected from the board. The board is responsible for determining the terms of reference for all committees. The audit & risk committee is responsible for internal and external audit issues and risk management. The remuneration and nominations committee is responsible for overseeing board skills audits, making recommendations on succession planning and the remuneration of the board and chief executive.

Accountability to clients is important for us and work has taken place during the year to ensure the continuing involvement of clients in the quality and development of services, as well as the development and review of policies and procedures.

In practise:

- clients run an independent client quality assessment panel (known as the client scrutiny and involvement team) and managers are charged with implementing service improvement recommendations arising from their reports.
- The client scrutiny and involvement team review the quality of our accommodation and contribute to our future strategy.

In addition the client scrutiny and involvement team reports directly to the board and to fellow clients in our services. Our client scrutiny and involvement team continue to assess the quality of the services we provide and their findings are shared with the board every quarter.

Fraud

There are anti-fraud and anti-bribery policies in place. Fraud is an item on each audit & risk committee meeting agenda and any instances of fraud or theft are reported to the board.

Auditors

Nexia Smith & Williamson are deemed to be re-appointed as auditors.

Principal activities

We provide safe, flexible and reliable client led housing and support services that focus on reducing homelessness, improving health and wellbeing and build on individual's skills and resilience. We provide this help to our clients through the provision of direct access hostel accommodation, resettlement services and community support services in Berkshire, Hampshire (including Portsmouth and Southampton), the Isle of Wight and West Sussex.

Review of the business

During 2019/20 we have continued to expand our services including expansion of homeless and young people's services in Portsmouth and taking over the mental health supported housing pathway there. We have also begun to deliver homeless services in Winchester and expanded mental health services on the Isle of Wight. The board and senior management team continue to seek to influence policy makers at both local and national levels to secure long term solutions to housing supply and revenue funding to provide support.

The organisation continues to focus attention on financial viability, sustainability and service quality in the medium and long term.

The board has no concerns in maintaining the requirements of the government's rent policy and decent homes standard.

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BOARD REPORT

Results for the year

The financial results show an operating surplus for the year of £755k (2019: £1,170k). Turnover (income) for the year increased to £13 million (2019: £10.9 million) of which £5.2 million (2019: £4.2 million) came from supported housing letting activities and £7.5 million (2019: £6.1 million) from the provision of support. The balance of income was from non-social housing activities including the lease of some of our buildings to other providers of support.

Despite the financial pressures on the work we do, together with the need to stay competitive and efficient, our finances remain fundamentally strong, with a healthy balance sheet able to support our activities.

We recognise a pension liability based on our share of assets and liabilities in the defined benefit pension scheme held with the social housing pension scheme (SHPS). The scheme is closed to new entrants. The Statement of Other Comprehensive Income recognises a credit of £1,697k resulting from changes to underlying economic assumptions which reduces the net pension liability from £3,116k to £1,411k. The fair value of the pension liability has been affected by the interest rate used to calculate the discount rate at 31 March 2020 as well as a change to the mortality assumptions. The discount rate at 31 March 2020 was higher than experienced previously as a result of global events including the current pandemic. The result has been a significant reduction in the defined benefit scheme provision at the year end date.

As a not-for-profit organisation, our primary business objective is to provide homes and services to people in need. We seek to generate sufficient income to meet our ongoing operating costs, to maintain all of our properties in good condition, and to contribute to our reserves, in order to reinvest in the business. We are committed to setting rents and charges at affordable levels and contract prices that offer value for money to service commissioners.

Future developments

During the year we were successful in bids for both new and existing work, through successful tenders and by negotiation with commissioners.

We will be bidding for new service contracts during 2020/21 and will actively engage in the rough sleepers' initiative to provide safe and affordable homes.

Surpluses and reserves

The generation of modest surpluses is a key element of our financial strategy, in order to demonstrate our financial stability, deliver our development strategy to own more of the buildings we operate in and to cover unforeseen events.

Reserves are internally generated resources invested in our assets and acquiring or developing new housing stock. Movements in reserves are set out in the statement of changes in reserves.

Employees

At the year-end we had a complement of 267 staff (2019: 218 staff). We are committed to the principles and practice of diversity and seek to give equality of opportunity to all staff in all matters of recruitment and employment. The effective training and development of all staff is a key objective.

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Value for money

In accordance with the Regulator of Social Housing 2018 value for money standard, we've recorded our performance for the year against the published value for money metrics (Table 1). In addition, we've developed a set of targets to demonstrate performance in key areas of our business. (Table 2).

Table 1. Performance against sector value for money metrics

Metric	Explanation	Supported housing provider - published metrics 2018/19	2019/20	2018/19	2017/18
1. Reinvestment %	Investment in properties as a percentage of total properties	4.2	3.9	6.1	6.1
2. New supply delivered	The number of new social and non-social housing units as a percentage of all owned units				
Social housing %		0.8	4.6	5.7	7.6
Non-social housing %		0.0	0.0	0.0	0.0
3. Gearing %	Percentage of assets made up of debt finance (lower the better)	13.3	(27.5)	(27.5)	(25.7)
4. Interest cover % (Earnings before interest, tax, depreciation, amortisation with major repairs included)	Measure of surplus compared to interest payments (higher the better)	228.0	954.2	1332.9	692.9
5. Social housing cost per unit £	(Lower the better)	8,460	8,306	10,377	9,194
6. Operating margin %	Surplus divided by turnover for both social housing and overall				
Social housing lettings only		12.9	19.5	10.1	5.4
Overall		8.0	5.6	10.7	5.3
7. Return on capital employed %	Investment return on capital resources	3.4	5.4	8.7	4.7

These metrics are prescribed for all housing associations in order to provide comparison regardless of size or specialism. The Regulator for Social Housing's Value for Money – Summary report published in January 2020 confirmed analysis of the third year of value for money metrics identified that supported housing activity is associated with higher costs and lower operating margins than general needs housing.

Metric 1 relates to the amount we have spent on developing and acquiring new property as well as the amount we have invested in existing housing stock. There was consistency in the last two years with a reduction to 6 new units in 2019/20 causing the fall from 6.1% to 3.9%. This also explains the reduction in new social housing supply in Metric 2.

As we have no borrowing we're reporting a negative gearing percentage at Metric 3, which is measured as borrowing less cash reserves. Similarly Metric 4 is high as our only interest costs are those we pay for the past service pension deficit.

Metric 5 indicates that our cost per unit has fallen below the sector average for our cohort due to lower lease charges for properties we rent from other providers this year, and a larger proportion of properties that aren't fully catered so have lower service charges.

The operating margin at Metric 6 is higher for social housing lettings only when compared to the sector average and lower when the surplus is divided by overall turnover. Social housing surplus has increased over the three year period as we have a higher proportion of properties which we receive housing income for. The overall operating margin reduces to 5.6% as we choose to subsidise our day centre and health services.






The return on capital employed at Metric 7 remains higher than the sector average at 5.4%.

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We have an annual plan that includes a range of objectives designed to meet our strategic commitments and a suite of key performance indicators to demonstrate our performance. These are summarised in the table below.

Table 2. Key performance indicators

	2017-18	2018-19	2019-20	Target 2019-20	2019-20 Performance against target
Property utilisation	98%	95.5%	92%	97%	
Current personal rent arrears	2.0%	1.7%	2.6%	2%	
Former client rent arrears	2.5%	2.3%	3.1%	3%	
Gas servicing compliance	99.7%	99.6%	100%	100%	
Repairs completed in target time	99.7%	99.3%	100%	95%	
Staff turnover	27.5%	32.5%	30.3%	20%	

Four of the six performance indicators were not at or above target for 2019/20. Property utilisation was 92% for the year against a target of 97% because of referral processes in some of our young people's services and having to move some residents due to major works. Current personal arrears and former client arrears both fell below target partially because of the impact of the continuing rollout of Universal Credit. Staff turnover was 30.3% against a target of 20% which is marginally lower than 2018/19 but still over target. The impact of restructuring services has had an impact on this performance although a recent benchmarking exercise also indicates that high staff turnover is common in the supported housing sector.

Our quality and performance – client satisfaction

As part of our drive to continually improve services we seek feedback from clients through our annual client questionnaire. Clients' responses help to inform us as to where we need to make changes in our services. The outcomes from the client questionnaire carried out in March 2020 show the following:

- 90% (2019 - 93%) of clients feel that their support plan reflects their goals and they receive support to achieve them
- 81% (2019 - 86%) of clients say that their support worker has discussed move on and support options for the future
- 89% (2019 - 91%) of clients feel the support they receive has helped them become a positive and independent person
- 85% (2019 – 80%) of clients feel that their accommodation is clean, comfortable and well maintained.

Strategic targets

Our business strategy is updated every year and covers a rolling three year period. There are three strategic commitments which are to:

- Provide safe, flexible and reliable client led housing and support services
- Develop our people
- Develop our organisation

We have a 5 and 30 year financial plan which demonstrates our ability to meet the strategic commitments. The plan indicates capacity to grow and sets our medium and long term financial targets. It includes our commitment to:

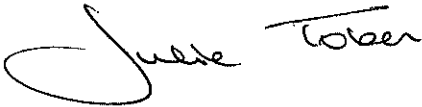
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- Invest £2.7m in our buildings over the next 5 years
- Acquire or develop 135 new bedspaces either in buildings we already operate in or to replace leased buildings with owned assets
- Maintain cash reserves above £2m
- Generate overall surplus of £4.2m over the next 5 years which is 5.2% of turnover to be used to achieve investment and acquisition targets and maintain financial health

The potential effects of the Coronavirus pandemic on our financial sustainability and service delivery have been assessed on an ongoing basis by our board and senior management team. While the virus continues to impact the way we deliver our services, there is no reduction in the need to support and house vulnerable people and our financial viability remains strong.

By order of the board



Julie Toben

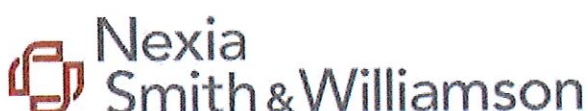
Chair

Date:

18 August 2020

TWO SAINTS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TWO SAINTS LIMITED



Opinion

We have audited the financial statements of Two Saints Limited (the 'association') for the year ended 31 March 2020 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Reserves, the Statement of Cash Flows and the 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 association's affairs as at 31 March 2020 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Board's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Board has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the association's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Emphasis of matter – Impact of Covid-19

We draw attention to note 1 (page 18 – Going concern accounting policy) of the financial statements, which describes the impact of Covid-19 on the association. Our opinion is not modified in respect of this matter.

Other information

The other information comprises the information included in the Annual Report and Financial Statements, 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, except to the extent otherwise explicitly stated in our report, 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; or
- we have not received all the information and explanations we require for our audit.

TWO SAINTS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TWO SAINTS LIMITED

Responsibilities of the Board

As explained more fully in the Statement of Board's Responsibilities set out on page 4, 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 controls as the Board determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intend to liquidate the association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the association's members, as a body, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the 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.

Nexia Smith & Williamson

Nexia Smith & Williamson
Statutory Auditor
Chartered Accountants

Cumberland House
15-17 Cumberland Place
Southampton
SO15 2BG

Date 2/9/20

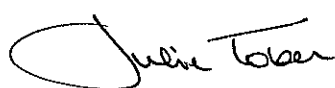
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STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 £'000s	2019 £'000s
Turnover	2	12,959	10,927
Operating expenditure		<u>(12,204)</u>	<u>(9,757)</u>
Operating surplus	3	755	1,170
Pension scheme re-measurement			-
Interest receivable and similar income		13	15
Interest payable and similar charges		<u>(68)</u>	<u>(63)</u>
Surplus on ordinary activities for the year		700	1,122
Other comprehensive income			
Initial recognition of multi-employer DB scheme	10	-	(717)
Actuarial gains/(losses) in respect of pension scheme	10	1,697	(700)
Total comprehensive income/(expenditure) for the year		<u>2,397</u>	<u>(295)</u>

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STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

	Notes	2020 £'000s	2019 £'000s
Fixed assets			
Housing properties	4	10,875	10,587
Other fixed assets	4	101	92
		<hr/>	<hr/>
		10,976	10,679
Current assets			
Debtors	5	1,248	910
Cash at bank and in hand		3,676	3,544
		<hr/>	<hr/>
		4,924	4,454
Creditors			
Amounts falling due within one year	6	(1,873)	(1,572)
		<hr/>	<hr/>
Net current assets		3,051	2,882
		<hr/>	<hr/>
Total assets less current liabilities		14,027	13,561
Creditors: amount falling due after one year	7	(7,001)	(6,931)
Provision for liabilities and charges	9	(15)	(41)
Pension – defined benefit liability	10	(1,141)	(3,116)
		<hr/>	<hr/>
Net assets		5,870	3,473
		<hr/>	<hr/>
Represented by:			
Capital and reserves			
Non-equity share capital	11	-	-
Revenue reserve		5,870	3,473
		<hr/>	<hr/>
		5,870	3,473
		<hr/>	<hr/>

The financial statements on pages 12 - 30 were approved and authorised by the board on 18 August 2020 and were signed on its behalf by:



Julie Toben
Chair



Simon Rose
Board member



Steve Benson
Secretary

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STATEMENT OF CHANGES IN RESERVES AS AT 31 MARCH 2020

	Share capital	Income and expenditure reserve	Total capital and reserves
	£000s	£000s	£000s
Balance at 31 March 2018	-	3,768	3,768
Surplus for the year	-	1,122	1,122
Other comprehensive income for the year	-	(1,417)	(1,417)
Total comprehensive income for the year	-	(295)	(295)
Balance at 31 March 2019	-	3,473	3,473

	Share capital	Income and expenditure reserve	Total capital and reserves
	£000s	£000s	£000s
Balance at 31 March 2019	-	3,473	3,473
Surplus for the year	-	700	700
Other comprehensive income for the year	-	1,697	1,697
Total comprehensive income for the year	-	2,397	2,397
Balance at 31 March 2020	-	5,870	5,870

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STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 £'000s	2019 £'000s
Net cash generated from operating activities	I	588	658
Cash flow from investing activities			
Acquisition, construction and works to housing properties		(555)	(541)
Grants received		168	120
Purchase of other assets		(73)	(39)
Interest received		13	15
Proceeds from sale of properties		-	138
Net cash (used) in investing activities		<u>(447)</u>	<u>(307)</u>
Cash flow from financing activities			
Repayment of HP/finance debt		(9)	(10)
Net cash (used) in financing activities		<u>(9)</u>	<u>(10)</u>
Increase in cash and cash equivalents		132	341
Cash and cash equivalents at beginning of year	I	3,544	3,203
Cash and cash equivalents at end of year		<u>3,676</u>	<u>3,544</u>

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STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020

	2020 £'000s	2019 £'000s
I : Reconciliation of operating surplus to net cash inflow from operating activities		
Operating surplus for the year	755	1,170
Depreciation	327	315
Loss on disposal of fixed assets	4	-
Amortisation of government grants	(87)	(86)
Gift arising on RWT transfer	-	(245)
(Increase) in debtors	(338)	(197)
(Decrease) in creditors	299	(1,838)
(Decrease) in provisions	(26)	(97)
Increase in pension provision	(346)	1,636
Net cash generated from operating activities	588	658
Cash and cash equivalents	2020 £'000s	2019 £'000s
Cash at bank and in hand	<u>3,676</u>	<u>3,544</u>

II : Analysis of changes in net debt

	At 1 st April 2019	Cash flows	At 31 st March 2020
	£000s	£000s	£000s
Cash and cash equivalents			
Cash	3,546	138	3,684
Overdrafts	(2)	(6)	(8)
Total	<u>3,544</u>	<u>132</u>	<u>3,676</u>

TWO SAINTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

I. PRINCIPAL ACCOUNTING POLICIES

Two Saints Limited is registered in England and Wales as a society under the Co-operative and Community Benefit Societies Act 2014 no. 26511R and is registered with the Regulator of Social Housing no. LH3904. The registered office is 35 Waterside Gardens, Fareham, Hampshire, PO16 8SD.

Basis of accounting

The financial statements have been prepared in accordance with UK Generally Accepted Practice (UK GAAP) including Financial Reporting Standard 102 (FRS 102) and the Housing SORP 2018: Statement of Recommended Practice for Registered Social Housing Providers and comply with the Accounting Direction for Private Registered Providers of Social Housing 2019. These financial statements are prepared under the historic cost convention.

The association meets the definition of a public benefit entity under FRS 102.

These financial statements exclude the results of the wholly owned subsidiary, The Society of St Dismas Limited, on the grounds of immateriality.

The principal accounting policies of the association are set out below.

Going concern

The financial statements are prepared on a going concern basis.

The UK wide coronavirus lockdown began on 23 March 2020. The Board have considered the financial impact of coronavirus on any estimations included within these financial statements. As the impact of the coronavirus pandemic evolves the Board will continue to review the potential risks to Two Saints and implement any actions needed to minimise them. After making enquiries, the Board has a reasonable expectation that Two Saint has adequate resources to continue in operational existence for the foreseeable future, being a period of twelve months after the date on which the report and financial statement are signed. For this reason it continues to adopt the going concern basis in the financial statements.

Significant judgements and estimates

The preparation of financial statements in conformity with generally accepted accounting practice requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the Statement of Financial Position date and the reported amounts of revenues and expenses during the reporting period.

Significant management judgements and estimation uncertainty

Defined benefit pension scheme

The Association has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depends on a number of factors, including: life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. With advice from the scheme actuary, management estimate these factors in determining the net pension obligation in the statement of financial position. The assumptions reflect historical experience and current trends. The discount rate at 31 March 2020 was higher than experienced previously as a result of global events including the current pandemic. The result has been a significant reduction in the defined benefit scheme provision at the year end date.

Arrears and other debtor recoverability

The rent arrears balances of £683k recorded in the association's statement of financial position comprise a relatively large number of small balances. A full line by line review of rent arrears is carried out at the end of each month. Whilst every attempt is made to ensure that the bad debt provisions are as accurate as possible, there remains a risk that the provisions do not match the level of debts which ultimately prove to be uncollectible.

Because of the nature of the clients we house, most of the rent debts are settled directly by Housing Benefit and thus do not incur problem debts. In relation to debt due directly from tenants, we review the debtors ledger each month for any debt we might consider doubtful. Because of the supported housing nature of our business, we have a good knowledge of

TWO SAINTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

each and every client and can make judgements concerning the likelihood or otherwise of collecting any non-current debt. We identify any specific problem rent debts and categorise them as high risk, in which case we provide 100% of the debt. Former tenant debts are included in this category as experience tells us these are very difficult to recover. No provision is made for the balance of current tenant rent debtors as they are deemed recoverable.

Tangible fixed assets

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Turnover

Turnover represents rental and service charges income in respect of the year net of rent and service charge losses from voids, housing support contract income in respect of the year, revenue grants from local authorities and Homes England in respect of the year, grants received for housing properties recognised in income on a systematic basis and other income.

Operating surplus

Operating surplus is the surplus generated from our operations and excludes interest and pension remeasurement.

Contracts for housing support

Income and expenditure relating to housing support contracts at our services is accounted for on an accruals basis, matching income and expenditure, and disclosures are made in accordance with the relevant standards and legislation.

Fixed assets and depreciation

Housing properties

Housing properties are principally properties available for rent.

The cost of properties is their purchase price and construction costs together with capitalised repairs and incidental costs of acquisition and construction directly attributable to property, including interest payable during the period of construction.

Housing properties in the course of construction are stated at cost and are transferred into housing properties when completed.

Expenditure on schemes that are subsequently aborted is written off in the year in which it is recognised that the scheme will not be completed.

Completed housing properties have been split between their land and structure costs and a specific set of major components that require periodic replacement.

Refurbishment or replacement of such a component is capitalised and then depreciated over the estimated useful life of the component as follows:

Structure	100 years	Boilers	15 years
Kitchen – domestic	10 years	Heating system (excluding boiler)	30 years
Kitchen – commercial	15 years	Windows and door	20 years
Bathrooms	15 years	Roofs	40 years
		Electrical systems	40 years

Improvements are works to existing properties which result in an increase in the net rental income, including a reduction in maintenance costs, or result in a significant extension of the useful economic life of the property.

Leasehold offices, land and buildings are amortised over the period of the leases. Freehold land is not depreciated.

TWO SAINTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Other tangible assets are stated at cost. Depreciation is charged on a straight-line basis over the expected useful economic lives of the assets as follows:

Office and computer equipment	3 years
Infrastructure information technology equipment	5 years
Motor vehicles	5 years

The useful economic lives of all tangible fixed assets are reviewed annually.

Our policy is not to capitalise assets with a value of less than £1,000.

Acquisitions

Assets and liabilities acquired from the Real World Trust in the year to 31 March 2019 were measured at fair value. The total net assets acquired was recognised within turnover.

Impairment

Reviews for impairment of housing properties are carried out when an indicator of impairment arises and any impairment in an income generating unit is recognised by a charge to the statement of comprehensive income. Impairment is recognised where the carrying value of an income generating unit exceeds the higher of its net realisable value or its value in use. An income generating unit could be a single property, but it is normally a group of properties whose income and expenditure can be separately identified.

Social housing grant

Government grants include grants receivable from Homes England, local authorities, and other government organisations. Government grants received for housing properties are recognised in income over the useful life of the housing property structure on a pro rata basis under the accrual model. The unamortised element of the government grant is recognised as deferred capital grant in creditors.

Social housing grant received for items of cost written off in the Income Statement are matched against those costs as part of turnover.

Social housing grant can be recycled under certain conditions, if a property is sold, or if another relevant event takes place. In these cases, the grant can be used for projects approved by Homes England. However, grant may have to be repaid if certain conditions are not met.

In certain circumstances, grant may be repayable, and, in that event, is a subordinated unsecured repayable debt.

Dilapidations

Provision is made for all dilapidations on leasehold properties where Two Saints Limited has a contractual obligation to bear these costs. Movement on the provision is included in the expense headings to which the provision relates.

Leased assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the association. All other leases are classified as operating leases.

Assets held under finance leases are recognised initially at the fair value of the leased asset (or if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the Statement of Financial Position as a finance lease. Lease payments are apportioned between finance charges and reduction of the lease obligation using the effective interest method. Finance charges are deducted in measuring profit or loss. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

Rentals payable under operating leases are charged to income and expenditure on a straight line basis over the lease term. The aggregate benefit of lease incentives is recognised as a reduction to the expense recognised over the lease term on a straight line basis.

TWO SAINTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Retirement benefits

Social Housing Pension Scheme – Defined Benefit

Two Saints participates in the Social Housing Pension Scheme administered by The Pensions Trust Retirement Solutions. This is a multi-employer defined benefit scheme. Two Saints has closed new membership admissions for all staff.

The assets of the schemes are held and managed separately from those of the Association. The pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The pension scheme deficits are recognised in full.

The movement in the scheme surpluses/deficits is split between operating charges, finance items and actuarial gains and losses. Where a scheme is in deficit the Association recognises its liability for this obligation.

The fair value of the pension liability has been affected by the interest rate used to calculate the discount rate at 31 March 2020 as well as a change to the mortality assumptions. The discount rate at 31 March 2020 was higher than experienced previously as a result of global events including the current pandemic. The result has been a significant reduction in the defined benefit scheme provision at the year end date.

Social Housing Pension Scheme – Defined Contribution

Two Saints participates in a defined contribution scheme provided by The Pensions Trust Retirement Solutions.

This scheme is open to new members and is the preferred vehicle for auto enrolment. The accounting charge for the period represents the employer contribution payable.

Financial instruments

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the association becomes a party to the contractual provisions of the instrument.

Trade and other debtors and creditors are classified as basic financial instruments and measured at initial recognition at transaction price. Debtors and creditors are subsequently measured at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that the association will not be able to collect all amounts due.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank, short-term bank deposits with an original maturity of three months or less and bank overdrafts which are an integral part of the association's cash management.

The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset or liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

TWO SAINTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

2. SOCIAL HOUSING INCOME AND EXPENDITURE

	2020 £000s	2019 £000s
Rents receivable net of identifiable service charges	2,069	1,848
Service charge income	3,147	2,408
Revenue, capital grants, contract and other income	7,003	5,576
	<hr/>	<hr/>
Total income from lettings	12,219	9,832
Social housing activities expenditure	(9,831)	(8,840)
	<hr/>	<hr/>
Operating surplus from social housing activities	2,388	992
	<hr/>	<hr/>
Rent losses from voids	289	181

3. SURPLUS FOR THE YEAR

	2020 £000s	2019 £000s
Surplus for the year is stated after charging/(crediting):		
Auditor's remuneration including expenses, (excluding VAT)		
• in their capacity as auditors	15	15
Depreciation of housing properties	267	257
Depreciation of other fixed assets	60	58
Loss/(profit) on disposal of fixed assets	4	-
Operating lease rentals	309	314
Gift on transfer of Real World Trust assets and liabilities	-	(257)

TWO SAINTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

4. TANGIBLE FIXED ASSETS

	Housing properties under construction £000s	Housing properties for letting completed £000s	Non-social housing properties £000s	Housing properties sub total £000s	Computer and other equipment £000s	Motor vehicles £000s	Other fixed assets subtotal £000s	Total £000s
Cost								
Cost at start of the year	-	12,389	649	13,038	467	6	473	13,511
Additions	31	522	2	555	73		73	628
Disposals	-	89	2	91		6	6	97
At end of year	31	12,822	649	13,502	540	-	540	14,042
Depreciation								
Depreciation at start of the year	-	2,318	133	2,451	380	1	381	2,832
Charge for the year	-	223	14	237	59	1	60	297
Disposals	-	61		61		(2)	(2)	63
At end of year	-	2,480	147	2,627	439	-	439	3,066
Net book value at end of the year	31	10,342	502	10,875	101	-	101	10,976
Net book value at start of the year	-	10,071	516	10,587	87	5	92	10,679

The net book value of assets held under finance and HP leases amounted to £14k (2019: £28k), with a depreciation charge of £14k (2019: £14k).

TWO SAINTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

4. TANGIBLE FIXED ASSETS (continued)

Housing properties (cost less depreciation) comprise:

	2020 £000s	2019 £000s
Freehold	8,373	8,040
Long leasehold	2,471	2,547
Properties under construction	31	-
	<u>10,875</u>	<u>10,587</u>

Disposal of housing properties:

	2020 £000s	2019 £000s
Sale proceeds	-	138
Less carrying value	-	(138)
	<u>-</u>	<u>-</u>
Profit on disposal of housing property	-	-

5. DEBTORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £000s	2019 £000s
Rent arrears	683	446
Less provision for bad debt and doubtful debts	(294)	(147)
	<u>389</u>	<u>299</u>
Net rents due	389	299
Other debtors	509	368
Accrued income	149	47
Prepayments	201	196
	<u>1,248</u>	<u>910</u>

6. CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £000s	2019 £000s
Rent paid in advance	132	66
Trade creditors	70	60
Accruals	770	723
Social Security costs payable	134	107
Pension contributions payable	68	46
Deferred income	439	270
Other creditors	162	204
Amounts payable under HP and finance leases	10	10
Deferred capital grant (note 8)	88	86
	<u>1,873</u>	<u>1,572</u>

TWO SAINTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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

	2020 £000s	2019 £000s
Deferred capital grant (note 8)	6,982	6,903
Amounts payable under HP and finance leases	19	28
	<hr/> 7,001	<hr/> 6,931

AMOUNTS OWING UNDER HP AND FINANCE LEASES

	2020 £000s	2019 £000s
Amounts owing in less than one year	10	10
Amounts owing in 2 – 5 years	19	28
	<hr/> 29	<hr/> 38

8. DEFERRED CAPITAL GRANT

	2020 £000s	2019 £000s
At 1 April	6,989	6,955
Grant received in year	168	120
Released to income in the year	(87)	(86)
	<hr/> 7,070	<hr/> 6,989
At 31 March	7,070	6,989
	<hr/> 7,070	<hr/> 6,989
	88	86
Amounts to be released within one year	6,982	6,903
Amounts to be released in more than one year	<hr/> 7,070	<hr/> 6,989

9. PROVISIONS FOR LIABILITIES AND CHARGES

	2020 £000s	2019 £000s
Provision for estimated end of lease liabilities on certain properties:		
At start of year	41	138
Charge to income statement	4	-
Expenditure charge against provision	(21)	(43)
Released accumulated liability to income statement	(9)	(54)
	<hr/> 15	<hr/> 41

TWO SAINTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

10. PENSION OBLIGATIONS

Until 1 April 2014 Two Saints participated in a defined benefit scheme for salaried staff, the Pensions Trust - Social Housing Pension Scheme (the scheme). From April 2014 staff enrolled on the scheme transferred into a defined contribution scheme also operated by The Pensions Trust. This vehicle is now used for auto-enrolment for all staff.

Social Housing Pension Scheme

The company participates in the Social Housing Pension Scheme (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.

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 last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2017. This valuation revealed a deficit of £1,522m. A Recovery Plan has been put in place with the aim of removing this deficit by 30 September 2026.

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.

Present values of defined benefit obligation, fair value of assets and defined benefit asset/ (liability)

	2020 £000s	2019 £000s
Fair value of plan assets	10,359	10,143
Present value of defined benefit obligation	(11,500)	(13,259)
Defined benefit (liability) to be recognised	<u>(1,141)</u>	<u>(3,116)</u>

Reconciliation of opening and closing balances of the defined benefit obligation

	2020 £000s	2019 £000s
Defined benefit obligation at start of period	13,259	12,474
Expenses	15	13
Interest expense	300	312
Actuarial (gains)/losses due to scheme experience	(138)	44
Actuarial (gains)/losses due to changes in demographic assumptions	(124)	41
Actuarial (gains)/losses due to changes in financial assumptions	(1,390)	732
Benefits paid and expenses	(422)	(357)
Defined benefit obligation at end of period	<u>11,500</u>	<u>13,259</u>

Reconciliation of opening and closing balances of the fair value of plan assets

	2020 £000s	2019 £000s
Fair value of plan assets at start of period	10,143	9,816
Interest income	232	249
Experience on plan assets (excluding amounts included in interest income) – gain	45	117
Contributions by the employer	361	318
Benefits paid and expenses	(422)	(357)
	<u>10,359</u>	<u>10,143</u>

TWO SAINTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2020 was £277,000.

Defined benefit costs recognised in statement of comprehensive income (SOCl)

	2020 £000s	2019 £000s
Expenses	15	13
Net interest expense	68	63
Defined benefit costs recognised in statement of comprehensive income (SoCl))	83	76

Defined benefit costs recognised in other comprehensive income

	2020 £000s	2019 £000s
Experience on plan assets (excluding amounts included in net interest cost) – gain	45	117
Experience gains and losses arising on the plan liabilities – gain/(loss)	138	(44)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – gain/ (loss)	124	(41)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain/(loss)	1,390	(732)
Total amount recognised in other comprehensive income – gain/(loss)	1,697	(700)

Key assumptions

	2020 % per annum	2019 % per annum
Discount rate	2.39%	2.29%
Inflation (RPI)	2.65%	3.30%
Inflation (CPI)	1.65%	2.30%
Salary growth	2.65%	3.30%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2020 imply the following life expectancies:

	Life expectancy at age 65 (years)
Male retiring in 2020	21.5
Female retiring in 2020	23.3
Male retiring in 2040	22.9
Female retiring in 2040	24.5

TWO SAINTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

11. NON-EQUITY SHARE CAPITAL

	2020 £	2019 £
Allotted, issued and fully paid		
Shares at start of the year	9	9
Cancelled during the year	(2)	(1)
Issued during the year	2	1
Shares at end of the year	<u>9</u>	<u>9</u>

All members hold one share of £1. As at 31 March 2020 there were 9 members. The shares are non-transferable and non-redeemable, and carry no rights to received either income or capital repayments. Each share has full voting rights.

12. DIRECTORS' EMOLUMENTS

Emoluments were paid to three non-executive directors (2019: one) amounting to £6,755 in the year (2019: £5,000).

	2020 £000s	2019 £000s
The aggregate emoluments paid to or receivable by executive directors (including pensions of £15k (2019: £9k))	326	315
The emoluments paid to the highest paid director excluding pension contributions	79	78

The chief executive is an ordinary member of the pension scheme. No enhanced or special terms apply. There are no additional pension arrangements. A contribution by Two Saints of £3,921 (2019: £2,295) was paid in the year in addition to the personal contributions of the chief executive.

Directors are defined as the members of the board of management, the chief executive and members of the senior management team. These persons comprise the key management personnel and their emoluments are disclosed above.

In addition, Employer's National Insurance payable in relation to the above individuals totalled £37k (2019: £36k).

13. EMPLOYEE INFORMATION

	2020 No	2019 No
The monthly average number of persons employed during the year in full time equivalents (37 hours per week) was:	239	194
	£000s	£000s
Wages and salaries	6,135	4,875
Social Security costs	491	401
Other pension costs	152	86
	<u>6,778</u>	<u>5,362</u>

TWO SAINTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

	No	No
Aggregate number of full time equivalent staff whose remuneration exceeded £60,000 in the period:		
£60,000 - £70,000	1	1
£70,000 - £80,000	1	1

14. OPERATING LEASES

Some properties and equipment are held under non-cancellable operating leases. The association had outstanding commitments for future minimum payments under non-cancellable operating leases as follows:

	2020 £000s	2019 £000s
Leases on land and buildings:		
Within the next year	436	219
In the second to fifth year	813	524
Greater than 5 years	232	304
Other leases:		
Within the next year	34	31
In the second to fifth year	35	21
Greater than 5 years	7	11
	<u>1,557</u>	<u>1,110</u>

15. TAXATION

The association has charitable status under its registration with Her Majesty's Revenue & Customs and is therefore exempt from liability to taxation under Section 505 of the Income and Corporation Taxes Act 1988 on its charitable activities. The association's HMRC exemption reference is XR56079.

16. GIFT ON TRANSFER

On the 5th July 2018 the assets and liabilities of the Real World Trust, a small charity based on the Isle of Wight helping vulnerable people with alcohol and substance misuse issues, transferred to Two Saints Limited, as follows:

	2020 £000s	2019 £000s
Property (at valuation/market value)	-	(248)
Cash at bank transferred	-	(12)
RWT debtors at 5 th July 2018	-	(5)
RWT creditors at 5 th July 2018	-	8
	<u>-</u>	<u>8</u>
Gift on transfer	<u>-</u>	<u>(257)</u>

TWO SAINTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

17. BEDSPACES

The number of units of accommodation owned and managed by the association at the year end was as follows:

	2020	2019
Supported housing - owned		
Direct access hostels	177	116
Move on accommodation	196	153
Move on accommodation - at affordable rent	10	10
Mental health accommodation	48	27
Private leasing	-	2
Supported housing - managed		
Direct access hostels	57	57
Move on accommodation	13	13
	501	378

The movement in the bedspaces for direct access units and move on accommodation is due, in part, to the successful tender for Portsmouth Services, where the contract included properties which were owned but managed by other Housing Associations. The rest of the movement in direct access, move on accommodation, mental health accommodation and private leasing is due to changes in contract provision during the year.

The association had contracts to provide support for 1124 (2019: 711) clients not residing in accommodation managed by the association.

The association owned 34 bed spaces (2019: 84) managed by other entities at the year end.

18. SUBSIDIARY UNDERTAKINGS

The Society of St Dismas Limited

The Society of St Dismas Limited, a registered charity (number 222681) and a company limited by guarantee (number 735356), is a wholly owned subsidiary of Two Saints Limited.

Since 2001 The Society of St Dismas Limited has existed solely to raise money to enable it to undertake its charitable activities. Two Saints Limited is the only organisation to have benefited from these activities.

19. RELATED PARTIES

Transactions between Two Saints Limited and The Society of St Dismas Limited during 2019/20 include:

- Two Saints Limited raised an invoice to cover the costs of the audit fees paid on The Society of St Dismas Limited behalf for the past year amounting to £1,080 (2019: £984)

The Society of St Dismas Limited is not consolidated on the grounds of immateriality.

A board member is a borough councillor for Basingstoke and Deane Borough Council, for which Two Saints has provided services totalling £350,000 (2019: £350,000) in the year.

Details of key management personnel are included in note 12.