



Empty Homes Agency Limited

Annual Report and Financial Statements

for the year ended
31st March 2017

Community Benefit
Society No. 27697R



**EMPTY HOMES AGENCY LIMITED
LEGAL AND ADMINISTRATIVE INFORMATION**

Management Committee Sue Anderson
Nick Billingham
Tom Crowley
Jon Fitzmaurice OBE
Steve Griffiths
Jen Hart
Mark Hemingway (Chair)
Toby Taper

Secretary Helen Williams

Community Benefit Society number 27697R

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MANAGEMENT COMMITTEE'S REPORT FOR THE YEAR ENDED 31 MARCH 2017

The Management Committee submits its annual report and the financial statements of Empty Homes Agency Limited (often abbreviated to Empty Homes here on in) for the year ended 31 March 2017. The Management Committee confirms that the annual report and financial statements comply with current statutory requirements, the requirements of Empty Homes' governing document and the provisions of the Charities SORP (FRS102) effective 1 January 2015.

Our Mission and Objectives

Empty Homes is formed for the benefit of the community. Its purpose is:

1. Facilitating the use of property for housing and other accommodation for people who are poor, or who are elderly, or who have a disability, or long-term health problem.
2. Providing or managing or assisting or facilitating the provision or management of housing and other accommodation for people who are poor, or who are elderly, or who have a long-term health problem.
3. Encouraging and giving advice or providing services to housing associations and other voluntary organisations concerned with housing and other property.
4. Encouraging and giving advice or providing services to private (for profit) owners of empty property and members of the public concerned with housing and property with a view to achievement of the above objectives (1 to 3).
5. Assisting members of the public and organisations who wish to contribute to achieving the objects (1 to 3).
6. Furtherance and provision of education including, but not limited to, vocational training to assist individuals who are not in work to secure employment.

Achievements and performance

For 2016/17 we re-confirmed the aims of our research, policy and campaigning work to be:

- Raising awareness of the waste of long-term empty homes.

- Researching, developing and working with others to test ideas for bringing long-term empty homes back into use for those in housing need.
- Providing encouragement and advice for those seeking to bring empty homes back into use, or concerned about empty homes.
- Campaigning for changes to policy and initiatives at national and local levels that will enable more action to bring empty homes back into use for those in housing need.

During 2016/17, we focused on delivering two projects for which we had received funding.

Firstly, we concluded our work funded by the Nationwide Foundation to foster the creation of decent affordable housing for people in need by creating the conditions in which empty commercial spaces are brought into use as affordable housing. This included launching our report *Affordable homes from empty commercial spaces* at a well-attended event in Parliament hosted by Mark Prisk MP in the summer of 2016. We also emailed the report to all 326 council tax charging local authorities and discussed the ideas when visiting many. Local authorities were the prime audience for the report, as we concluded that the strategic role they could play was critical to achieving success at scale. The report featured case studies of local authorities and others persuading commercial property owners of the business case for making the most of their disused commercial assets by leasing or selling them to affordable housing providers. In some cases, grants or loans were given for conversion and refurbishment works on condition that the owners let their properties below market rent to someone on the local authority waiting list. During the project, it became more difficult to deliver affordable housing through empty commercial spaces because of trends in the commercial property sector and because of the ending of dedicated Government grant programmes for creating affordable housing in empty properties. Nonetheless, the report showed how local authorities and housing providers could do more and in many cases had an appetite to do so.

Secondly, with the support of funding from the Esmée Fairbairn Foundation, we embarked on a three-year demonstration and advocacy project to spread community-led regeneration in areas with high concentrations of empty homes. The funding enabled us to employ a dedicated project manager from the summer of 2016. She focused on identifying demonstration projects which are community-based organisations, often working in partnerships with local authorities. Our aim is to show what works, as well as the challenges organisations face in bringing empty properties back into housing use and in tackling the underlying causes of high levels of empty homes.

In the first year of this project, we also focused on building up the evidence base of what is happening in areas with high levels of long-term empty homes. In 2016, we surveyed local authorities with relatively high levels of long-term empty homes generally and/or known concentrations in some neighbourhoods. We reported the findings in *Empty homes: why do some areas have higher levels?* We found that neighbourhoods with high levels of empty homes had higher levels of deprivation and more private rented sector housing with more of that accommodation not meeting the decent homes standard, when compared to the same local authority area generally. Those findings underpin our campaign to secure Government investment in community-based regeneration in areas with high levels of empty homes.

With the support of funding from the Esmée Fairbairn Foundation and the Tudor Trust we also raised awareness of the waste of empty homes and what could be done to bring them back into use to meet housing needs. We launched the second edition of our report *Empty Homes in England* in September 2016, with an article in the *New Statesman*. It was also picked up by other media outlets throughout the year enabling us to reach a wide audience. The report analysed and mapped Government statistics on empty homes by each local authority and drew attention to areas with higher levels, which are concentrated in the North and Midlands, but also found in some Southern areas, particularly at the coast. We used the report to advocate for Government investment programmes for areas with high levels of empty homes and to promote the creation of affordable housing through long-term empty homes in all parts of England.

The current funding context is challenging for those seeking to create affordable homes from empty properties as there are no longer dedicated empty homes programmes funded by Government. We know work is continuing, but many local authorities, community-based organisations and other housing providers could achieve more with the support of central Government investment.

One of the ways we promoted the importance of local action in tackling empty homes in the year, was by encouraging organisations to say what they were doing to bring properties back into use during Empty Homes Week – it ran in late November/December 2016. We heard from over thirty organisations and attended events to promote what can be achieved. We used the Week to launch our latest ComRes poll results showing strong support for more action on tackling empty homes. Over four in five (83%) of British adults say the Government should place a higher priority on tackling empty homes; while three quarters (76%) say their local authority should place a higher priority on tackling empty homes. From a list of five policies that Government could implement to tackle empty homes, the most popular - chosen by over half (54%) of the respondents - is that Government should

fund local authorities or charities to buy and repair long-term empty homes to rent or sell to people in housing need.

In 2016/17, we launched a new website designed to provide clearer and more accessible information to central and local government; those working in empty homes; as well as members of the public and journalists. We continue to be asked by the media for comment which gives us the opportunity to promote our recommendations. In 2016/17, we responded to 83 media queries, leading us to be quoted in national and regional print media, for example the Evening Standard and Manchester Evening News.

In 2016/17, we also answered 240 queries from members of the public concerned about empty properties, or in search of housing, as well as from property owners and organisations looking for advice on bringing empty properties back into use. In January 2016, we regretfully took the decision that we did not have the resources currently to answer all the queries we receive. We direct many people to the new frequently asked questions part of our website and in some cases in addition, advise them how to approach their local authority to seek advice or assistance.

In 2016/17, we continued the third year of our programme of work to improve the management of the organisation and build the charity's future. We completed a major governance review to bring us in line with the National Housing Federation's (NHF's) Code of governance (2015 edition) and Code of conduct 2012 for Board members. As a result, we amended our governing rules in May 2016 and in September 2016 adopted a comprehensive set of governance, operational and employment policies and procedures in new standing orders. In the remaining six months of the year, we worked to those new standing orders.

We feel that there is still much to do to meet our charitable objectives to ensure that best use is made of long-term empty properties across England to meet housing needs.

Though, in most parts of England, the housing market currently works such that homes are generally readily sold or let again, some nonetheless become stuck empty in all parts of the country. Local authorities tell us that this often tends to be related to the personal and financial circumstances of the property owners. They advise that a case work approach - from advice to enforcement action - is often what helps to ensure these properties become occupied. At the same time, we also champion the work that housing providers do to buy/lease and refurbish these empty homes to create new affordable housing. We think creating new homes from long-term empty homes across England has a valuable role to play in meeting housing needs in an

environmentally sustainable way. At the same time, we recognise that to meet housing needs more homes must also be built.

In some parts of England, the relatively high levels of long-term empty homes suggest that there are underlying causes as to why homes are not so readily sold or let again. We think that the high levels of long-term empty homes and poor standard of existing housing in some parts of the country are an important part of the housing crisis - just as much as the extreme affordability gap in high value areas where demand more obviously outstrips supply. That is why we are campaigning for Government investment to be targeted at areas with high levels of long-term empty homes to support community-based neighbourhood regeneration to bring those homes back into use and tackle the underlying causes.

We remain proud of how many of the ideas we have developed and campaigned for over the years have been adopted and sustained to help people bring empty homes back into use and address neighbourhood blight, for example:

- Local authorities employing dedicated empty homes teams/staff to tackle empty homes.
- Government funded empty homes programmes that helped local authorities and housing providers to create affordable homes from empty properties from 2011 to 2015; and supported many community-based organisations to do more.
- Government payment of financial incentives to local authorities to tackle empty homes continuing to be paid through the New Homes Bonus scheme (following a major review of the scheme in 2016/17) when there are year-on-year reductions in the number of long-term empty homes in their area, though subjected to some further limitations.
- Powers for local authorities to deal with long-term empty homes, including the ability to charge higher rates of council tax and take enforcement action.

Future Plans

Our business plan for 2017/18 has the following objectives:

1. Delivering the demonstration and advocacy project to spread community-based regeneration in areas with concentrations of empty homes.
2. Building a broad coalition and implementing a year-long intensive campaign to secure government investment in community-based regeneration in areas with high levels of empty homes.
3. Raising awareness of the waste of empty homes and advocating for ideas to support more homes being brought back into use as affordable housing across England.

4. Running a well-managed organisation to achieve its charitable objectives in accordance with its governing rules and standing orders; where staff and volunteers work effectively and feel valued and supported.
5. Fundraising from grant making bodies to deliver business plan objectives for 2017/18 and 2018/19.
6. Conducting a business review to consider how Empty Homes can meet its charitable objectives over the medium term, including looking at attracting income from more diverse sources and more partnership working.
7. Providing good customer service-responding to and learning from public enquires.

Financial review

The charity had incoming resources of £117,547 of which £84,590 were restricted funds. Charitable expenditure was £142,826 leading to a deficit of £25,279. The deficit arose primarily because fundraising was not sufficient to cover expenditure. Empty Homes continues to regularly review its fundraising. The revised fundraising strategy adopted in February 2017, aims to attract sufficient income from grant funders and sponsorship to deliver our business plan objectives and have break-even income and expenditure for 2017/18. During 2017/18, we anticipate adopting a new income strategy based on the recommendations of the business review (see above), such that over the medium term we may be looking to attract or earn income from more diverse sources, or be taking a different approach to meeting our charitable objectives.

Empty Homes' policy is to maintain sufficient reserves to enable the organisation to operate effectively on a cash-flow basis throughout the year. The policy underpins the organisation's commitment to achieving its objectives for the year as well as securing the financial position of the organisation as a going concern. The Management Committee aims to maintain its general free reserves to cover three months' operating costs, which is circa £37,552 for the year 2016/17.

Empty Homes has a long-term liability of £20,551 in relation to its obligations to the Pensions Trust to cover its historical pension liability.

The charity's funders in 2016/17 were the Esmée Fairbairn Foundation, the Nationwide Foundation and the Tudor Trust. Empty Homes does not receive any ongoing funding from central or local government and is totally reliant on the generosity of its funders to further its work. The charity's Management Committee would like to record their appreciation for this invaluable support for our work.

Empty Homes follows financial procedures in accordance with financial regulations approved by the Management Committee from time-to-time. Revised procedures were adopted by the Management Committee on 19 March 2015. During the year, financial control was maintained by the chief executive with the support of the finance manager. The finance manager kept the books of accounts and prepared monthly management accounts which were reviewed by the Management Committee at every Board meeting.

The Management Committee

The Management Committee of the Empty Homes Agency is made up of senior figures from the local government, not-for-profit, housing/property, research, legal, communications and financial sectors.

All members of the Management Committee participate on a voluntary basis, and no payments other than incidental travel costs are paid to them.

Staff and volunteers

Empty Homes operates with a small core of employed staff and volunteers. The Management Committee is grateful for the dedication and determination of all working to further the objectives of the charity.

Public benefit

The Empty Homes Agency is formed for the benefit of the community. Empty Homes believes that causing empty homes to be returned to use, brings public benefit by increasing the supply of housing available to people in housing need. It does this by helping to provide homes for those who might otherwise become or remain homeless and by helping to provide better quality and more suitable homes for those in unsatisfactory housing. Empty Homes also believes that providing homes from empty properties is an environmentally sustainable way of meeting housing needs and that it helps to improve the local environment for those whose neighbourhoods are blighted by abandoned properties that often fall into disrepair.

Structure, governance and management

The Empty Homes Agency is a registered society (commonly known as a community benefit society) under the Cooperative and Community Benefit Societies Act 2014 (registered number 27697R) and is governed by its own rules – Rules of the Empty Homes Agency Limited. Empty Homes is recognised by Her Majesty's Revenue and Customs as having charitable status.

Responsibilities of the Management Committee

The Management Committee is responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom generally accepted accounting practice. The law relating to community benefit societies requires the Management Committee to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Empty Homes Agency and its surplus or deficit for that period.

In preparing those financial statements the Management Committee is required to: select suitable accounting policies and then apply them consistently; make judgments 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 a going concern basis (unless it is inappropriate to presume that the Empty Homes Agency will continue in operation).

The Management Committee is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time, the financial position of the Empty Homes Agency and enable it to ensure that the financial statements comply with the Industrial and Provident Societies Acts 1965 to 2002. The Management Committee is also responsible for safeguarding the assets of the Empty Homes Agency and hence for taking reasonable steps for the detection and prevention of fraud and other irregularities.

In 2014/15 the Management Committee agreed to work towards the adoption of the National Housing Federation's (NHF's) Code of governance (2015 edition) during 2016/17, subject to the possible adoption of a statement of non-compliance given that some aspects of the Code might not be appropriate for an organisation with the objectives and size of the Empty Homes. As explored above, following a major governance review in 2016, Empty Homes adopted amended governing rules and a comprehensive set of standing orders to ensure its policies and practices are in compliance with the NHF Code. Empty Homes is now working to those new policies and practices. However, some actions scheduled for early 2017/18 around Board review and the appraisal of Management Committee members have been postponed, pending the appointment of a new Chair. We expect to have completed those actions by the end of March 2018.

Appointments

Board members are appointed for a fixed term of three years unless the Board has set a lower term on their election. No fixed term is set which would cause a Board member to serve a continuous period in excess of nine years, save exceptionally where the

Board agrees that circumstances exist where it would be in the best interest of Empty Homes for a Board member to serve for a longer period. Vacancies on the Committee are externally advertised or prospective candidates are invited to apply. Short-listed candidates are interviewed. In December 2016, Empty Homes advertised for new Board members, including a new Chair and shortlisted in accordance with the new roles profiles it had adopted as part of its governance review. The recruitment process was successful as reflected in the changes to the Management Committee shown below.

The Management Committee meets six times a year, during which time it sets and reviews strategy, oversees current activities and reviews operational and financial performance against annual plans and budgets.

Mark Hemingway, became the Chair in January 2014 and in 2016 announced his intention to step down, pending the recruitment and appointment of a new Chair. Empty Homes expects to appoint a new Chair in September 2017. There were some changes to the Board membership during 2016/17 and in 2017/18 as reflected below.

Management Committee

Mark Hemingway (Chair)
Sue Anderson
Nick Billingham (joined 2016/17)
Tom Crowley (joined 2017/18)
Jon Fitzmaurice, OBE
Steve Griffiths (joined 2017/18)
Gareth Hall (resigned in 2016/17)
Jen Hart (joined 2017/18)
Andrew Haynes (Honorary Treasurer – resigned 2017/18)
Graham Kauders (resigned 2016/17)
Toby Taper (elected to a new role of Deputy Chair in 2016/17)

Staff Members

Brigid Carey (joined during 2016/17) (works 2.5 days a week)
Anita Nightingale (works 1 day a week)
Helen Williams (full-time)

Registered office

70 Cowcross Street, London EC1M 6EJ

Auditors

HW Fisher & Company, Acre House, 11-15 William Road,
London NW1 3ER



Helen Williams
CEO, Empty Homes



Mark Hemingway
Chair

Bankers

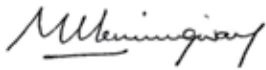
CAF Bank, 25 Kings Hill Avenue, Kings Hill, West Malling, Kent
ME19 4JQ

Triodos Bank, Deanery Road, Bristol, BS1 5AS

Disclosure of information to auditors

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

On behalf of the board



Mark Hemingway
Chair

Dated: 13 September 2017



Toby Taper
Deputy Chair

Dated: 13 September 2017

STATEMENT OF MANAGEMENT COMMITTEE'S RESPONSIBILITIES

For the year ended 31 March 2017

The Management Committee members who are also the directors of Empty Homes Agency Limited for the purpose of company law, are responsible for preparing the Management Committee's Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Management Committee to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Agency and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

In preparing these accounts, the Management Committee is required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Agency will continue in operation.

The Management Committee is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Agency and enable it to ensure that the accounts comply with the Co-operative and Community Benefit Societies Act 2014. It is also responsible for safeguarding the assets of the Agency and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EMPTY HOMES AGENCY LIMITED

We have audited the financial statements of Empty Homes Agency Limited for the year ended 31 March 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102.

This report is made solely to the charity's Management Committee, as a body, in accordance with the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the charity's Management Committee those matters we are required to state to them in an auditors' 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 charity and its Management Committee as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Management Committee and auditor

As explained more fully in the Management Committee's responsibilities Statement, the Management Committee whose members are also the directors of the charitable company for the purposes of company law, is responsible for the preparation of the accounts and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the accounts

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates

made by the Management Committee; and the overall presentation of the accounts. In addition, we read all the financial and non-financial information in the Management Committee's Report to identify material inconsistencies with the audited accounts and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on accounts

In our opinion the accounts:

- give a true and fair view of the state of the charity's affairs as at 31 March 2017 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Co-operative and Community Benefits Societies Act 2014.

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 Benefits Societies Act 2014 requires us to report to you if, in our opinion:

- the information given in the Management Committee's Report is inconsistent in any material respect with the accounts; or
- sufficient accounting records have not been kept, or
- the accounts are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

H W Fisher & Company

for and on behalf of H W Fisher & Company
Chartered Accountants
Statutory Auditor
Acre House
11-15 William Road
NW1 3ER United Kingdom

H W Fisher & Company is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

For the year ended 31 March 1017

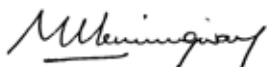
	Notes	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
Income from:					
Donations and legacies	3	32,382	84,590	116,972	86,569
Investments	4	575	–	575	291
Total income		32,957	84,590	117,547	86,860
Expenditure on:					
Charitable activities	5	73,303	69,523	142,826	126,337
Net (expenditure)/income for the year/net movement in funds		(40,346)	15,067	(25,279)	(39,477)
Fund balances at 1 April 2016		68,991	58,070	127,061	166,540
Fund balances at 31 March 2017		28,644	73,137	101,781	127,063

BALANCE SHEET

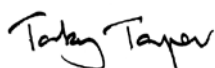
As at 31 March 2017

	Notes	2017		2016	
		£	£	£	£
Fixed assets					
Tangible assets	9		1,142		2,285
Current assets					
Debtors	11	43,309		47,595	
Cash at bank and in hand		159,156		181,083	
		<u>202,465</u>		<u>228,678</u>	
Creditors: amounts falling due within one year	12	<u>(81,275)</u>		<u>(80,601)</u>	
Net current assets			121,190		148,077
Total assets less current liabilities			122,332		150,362
Creditors: amounts falling due after more than one year	13		<u>(20,551)</u>		<u>(23,299)</u>
Net assets			<u>101,781</u>		<u>127,063</u>
Income funds					
Restricted funds	15		73,137		58,070
<u>Unrestricted funds</u>					
General unrestricted funds		28,638		68,985	
Share capital	14	<u>6</u>		<u>8</u>	
			28,644		68,993
			<u>101,781</u>		<u>127,063</u>

The accounts were approved by the Management Committee on 13 September 2017



Mark Hemingway
Trustee



Toby Taper
Trustee

STATEMENT OF CASH FLOWS

For the year ended 31 March 2017

	Notes	2017		2016	
		£	£	£	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	18		(22,500)		8,742
Investing activities					
Interest received		575		291	
Net cash generated from investing activities			575		291
Financing activities					
Redemption of shares		(2)		–	
Net cash used in financing activities			(2)		–
Net (decrease)/increase in cash and cash equivalents			(21,927)		9,033
Cash and cash equivalents at beginning of year			181,083		172,050
Cash and cash equivalents at end of year			<u>159,156</u>		<u>181,083</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

1 Accounting policies

Company information

Empty Homes Agency Limited is a company registered under the Co-operative and Community Benefits Societies Act 2014. Registration no. 27697R

1.1 Accounting convention

The accounts have been prepared under the historical cost convention.

The accounts are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The accounts have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the accounts, the Management Committee has a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus the Management Committee's continues to adopt the going concern basis of accounting in preparing the accounts.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the Management Committee in furtherance of its charitable objectives unless the funds have been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors which have been raised by the agency for particular purposes. The cost of administering such funds is charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements. Statutory grants which are given as

1 Accounting policies (Continued)

contributions towards the agency's core services are treated as unrestricted.

1.4 Incoming resources

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Legacies are recognised on receipt or otherwise if the charity has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

1.5 Resources expended

All expenditure is accounted for on the accruals basis. Staff and support costs have been allocated between different activities on the basis of the estimated time spent by staff on those activities.

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures, fittings & equipment	25% Straight line
Computers	

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

1.7 Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible and intangible assets to determine

1 Accounting policies (Continued)

whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in income/(expenditure) for the year, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other

Financial Instruments Issues' of FRS 102 to all of its financial instruments.

1 Accounting policies (Continued)

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including creditors are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

1.10 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

1 Accounting policies (Continued)

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.11 Pensions

The agency operates a money purchase scheme managed by Scottish Widows for current and future staff, with contributions based on a percentage of salary for participating staff. The agency also remains a participant in the Pension Trust's multi-employer defined benefit Social Housing Pension Scheme, which is primarily relating to service by former employees. The Agency has participated in a scheme to address the current actuarial deficit in the Pension Trust's Social Housing Pension Scheme by making monthly payments since April 2013. The Pension Plan is unable to identify the Agency's share of the underlying assets and liabilities of the Pension Plan. In accordance with FRS 102 the charity has accounted for the liability for agreed deficit contributions currently payable for the next 10 years.

2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the Management Committee is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods. There were no critical accounting estimates or judgments in the periods under review.

3 Donations and legacies

	Unrestricted funds general £	Restricted funds £	Total 2017 £	Total 2016 £
Donations and gifts	2,382	19	2,401	6,569
Grants receivable	30,000	84,571	114,571	80,000
	32,382	84,590	116,972	86,569
For the year ended 31 March 2016	30,101	56,468		86,569

4 Investments

	2017 £	2016 £
Interest receivable	575	291

5 Charitable activities

	2017 £	2016 £
Staff costs (note 8)	86,929	85,718
Depreciation and impairment	1,143	1,143
Research, campaigns and projects	8,660	9,842
	96,732	96,703
Share of support costs (see note 6)	35,036	20,661
Share of governance costs (see note 6)	11,058	8,973
	142,826	126,337
Analysis by fund		
Unrestricted funds – general	73,303	
Restricted funds	69,523	
	142,826	
For the year ended 31 March 2016		
Unrestricted funds – general		107,439
Restricted funds		18,898
		126,337

6 Support costs

	Support costs	Governance costs	2017	2016	Basis of allocation
	£	£	£	£	
Other costs	35,036	–	35,036	20,661	
Audit fees	–	7,803	7,803	7,800	Governance
Legal and professional	–	3,255	3,255	1,173	Governance
	35,036	11,058	<u>46,094</u>	<u>29,634</u>	
Analysed between					
Charitable activities	35,036	11,058	<u>46,094</u>	<u>29,634</u>	

Governance costs includes payments to the auditors of £7,803 (2016 – £7,800) for audit fees.

7 Management Committee

None of the Management Committee (or any persons connected with it) received any remuneration during the year, but two members were reimbursed a total of £269 travelling expenses (2016 - three were reimbursed £615).

8 Employees

Number of employees

The average monthly number employees during the year was:

	2017 Number	2016 Number
	<u>2</u>	<u>2</u>
Employment costs	2017	2016
	£	£
Wages and salaries	75,559	65,693
Social security costs	4,443	4,333
Other pension costs	6,927	16,900
	<u>86,929</u>	<u>86,926</u>

The remuneration of key management personnel during the year is £60,501 (2016: £70,851).

9 Tangible fixed assets

	Fixtures, fittings & equipment	Computers	Total
	£	£	£
Cost			
At 1 April 2016	5,299	4,571	9,870
At 31 March 2017	<u>5,299</u>	<u>4,571</u>	<u>9,870</u>
Depreciation and impairment			
At 1 April 2016	5,299	2,286	7,585
Depreciation charged in the year	–	1,143	1,143
At 31 March 2017	<u>5,299</u>	<u>3,429</u>	<u>8,728</u>
Carrying amount			
At 31 March 2017	<u>–</u>	<u>1,142</u>	<u>1,142</u>
At 31 March 2016	<u>–</u>	<u>2,285</u>	<u>2,285</u>

10 Financial instruments

	2017	2016
	£	£
Carrying amount of financial assets		
Debt instruments measured at amortised cost	<u>42,437</u>	<u>47,437</u>
Carrying amount of financial liabilities		
Measured at amortised cost	<u>101,826</u>	<u>103,900</u>

11 Debtors

	2017	2016
	£	£
Amounts falling due within one year:		
Trade debtors	–	5,000
Other debtors	42,437	42,437
Prepayments and accrued income	872	158
	<u>43,309</u>	<u>47,595</u>

12 Creditors

	2017	2016
Amounts falling due within one year	£	£
Trade creditors	1,914	59
Other creditors	18,661	19,635
Accruals and deferred income	60,700	60,907
	<u>81,275</u>	<u>80,601</u>

13 Creditors

	2017	2016
Amounts falling due after more than one year	£	£
Pension creditor	<u>20,551</u>	<u>23,299</u>

Pension creditor comprises the agency's long-term liability to the Pensions Trust. The liability is to be repaid over 10 years.

14 Share capital

	2017	2016
	£	£
Ordinary share capital Issued and fully paid		
6 Ordinary shares of £1 each	<u>6</u>	<u>8</u>
	<u>6</u>	<u>8</u>

15 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	Movement in funds			
	Balance at 1 April 2016	Incoming resources	Resources expended	Balance at 31 March 2017
	£	£	£	£
The Nationwide Foundation	8,070	34,150	(19,083)	23,137
Esmée Fairbairn Foundation	50,000	50,000	(50,000)	50,000
Other donations	–	440	(440)	–
	<u>58,070</u>	<u>84,590</u>	<u>(69,523)</u>	<u>73,137</u>

The Nationwide Foundation

The Nationwide Foundation grant is for a project to develop a proposal to create more affordable homes from the empty spaces above shops and disused commercial spaces.

Esmée Fairbairn Foundation

The Esmée Fairbairn Foundation grant is for a demonstration and advocacy project to spread community-led regeneration in areas with high concentrations of empty homes.

16 Analysis of net assets between funds

	Unrestricted funds	Restricted funds	Total
	£	£	£
Fund balances at 31 March 2017 are represented by:			
Tangible assets	1,142	–	1,142
Current assets/(liabilities)	27,502	73,137	100,639
	<u>28,644</u>	<u>73,137</u>	<u>101,781</u>

17 Related party transactions

There were no disclosable related party transactions during the year (2016 – none).

18 Cash generated from operations

	2017 £	2016 £
Deficit for the year	(25,279)	(39,477)
Adjustments for:		
Investment income recognised in profit or loss	(575)	(291)
Depreciation and impairment of tangible fixed assets	1,143	1,143
Movements in working capital:		
Decrease in debtors	4,286	35,459
(Decrease)/increase in creditors	(2,075)	11,908
Cash (absorbed by)/generated from operations	<u>(22,500)</u>	<u>8,742</u>

**EMPTY HOMES AGENCY LIMITED
LEGAL AND ADMINISTRATIVE INFORMATION**

Management Committee Sue Anderson
Nick Billingham
Tom Crowley
Jon Fitzmaurice OBE
Steve Griffiths
Jen Hart
Mark Hemingway (Chair)
Toby Taper

Secretary Helen Williams

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