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**THE ASHLEY FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2018**

**Company Number: 3366712
Registered Charity Number: 1063208**



**THE ASHLEY FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)**

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2018**

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**THE ASHLEY FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)**

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2018**

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Charity name:	The Ashley Foundation
Charity registration number:	1063208
Company registration number:	3366712
Principal office:	81 Abingdon Street Blackpool Lancashire FY1 1PP
Registered office:	81 Abingdon Street Blackpool Lancashire FY1 1PP
Trustees:	Mr R Alleway (died 13.11.17) Mr N Bramhall (resigned 18.6.18) Mr D Kam Mr A Dribben Ms W Swift Mr R Bell (appointed 30.8.17)
Secretary:	Mr L Dribben – CEO
Solicitors:	Vincent's Solicitors 25 Park Street Lytham Lancs FY8 5LU
Bankers:	Lloyds Bank 25-27 Birley Street Blackpool FY1 1EG
Auditor:	John Potter & Harrison Chartered Accountants and Statutory Auditor 112/114 Whitegate Drive Blackpool Lancashire FY3 9XH

**THE ASHLEY FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' ANNUAL REPORT
FOR THE YEAR ENDED 31 MAY 2018**

The Trustees are pleased to present their annual directors' report together with the consolidated financial statements of the Charity and its subsidiary for the year ending 31 May 2018 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2015).

Reference and administrative details are shown in the schedule of members of the board and professional advisers on page 1 of the financial statements.

Trustees

The trustees who served the charity during the period were as follows:

Mr R Alleway (died 13.11.17)
Mr N Bramhall (resigned 18.6.18, died 2.9.18)
Mr D Kam
Mr A Dribben
Ms W Swift
Mr R Bell (appointed 30.8.17)

Structure, governance and management

The charity was formed in May 1997, incorporated under the Companies Act 1985 number 3366712 and is exempt under section 30 of the Act. The company is limited by guarantee and is governed by its memorandum and articles of association.

The board of trustees have discretion to appoint new trustees and the charity occasionally seeks new appointments. Trustees are guided through their responsibilities by the Chief Executive Officer who is available to assist with any issues arising. It is the policy of the charity that trustees, both new and existing, attend as many trustee meetings as possible. Continued non-attendance results in the relevant trustee being requested to resign his position.

Governance, management and financial control are administered from the charity's main offices. All major decisions are made by the Trustees and the Chief Executive Officer delegates and supervises roles and duties to other staff members.

Related parties

All remuneration and transactions with Trustees are detailed in notes 7 and 19. Homeless Action CIC was incorporated on 25 April 2012 as a trading company, the share capital of the company is owned entirely by The Ashley Foundation.

**THE ASHLEY FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' ANNUAL REPORT (continued)
FOR THE YEAR ENDED 31 MAY 2018**

Objectives and activities

The principal objective of the charity throughout the year was the relief of poverty by the provision of accommodation to persons in need and providing support to clients to assist them with the wider issues of homelessness.

In achieving this objective the charity is committed to treating individuals with dignity and respect and is determined to offer the opportunity and support necessary to encourage and enable personal growth and self-development.

All significant activities provided by the charity are outlined in the Chairman's statement (see below). Recognition of the help given by volunteers is also detailed in that statement.

The trustees are aware of the guidance issued by Charity Commission as to their responsibilities on public benefit and consider that they have complied with the duty imposed on them in Section 4 of the Charities Act 2006.

Achievements and performance

The charity's performance and achievements are outlined in the Chairman's statement.

Significant events

A few years ago one of our trustees opened discussions with several interested parties looking to acquire 'social housing'. The proposal was that we should sell and lease back our properties thereby repaying loans, releasing capital tied up in the buildings and increasing our cash balances. After due consideration, with regard to the future benefit of the charity, the trustees decided to sell our 3 Blackpool hostels (not our flats) subject to 3 management agreements (not leases) and to operate them for 20 years with rent payable. The agreements are between the charity and Falcon Housing Association.

The Blackpool hostels transactions completed in December 2017.

Falcon Housing Association offered us the opportunity to manage 40 flats and 1 hostel in Sunderland. After due consideration the trustees agreed to enter into 2 management agreements (not leases) and to operate them for 20 years with rent payable. The agreements are between the charity and Falcon Housing Association.

The Sunderland flats transaction completed in December 2017.

The Sunderland hostel transaction completed in January 2018.

Financial review

The charity had a consolidated profit of £3,352,624 (2017: £397,764 profit) in the year ended 31 May 2018.

The charity had group net assets of £4,641,719 (2017: £1,289,095) as at 31 May 2018 including cash balances of £3,997,796 (2017: £419,721).

**THE ASHLEY FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' ANNUAL REPORT (continued)
FOR THE YEAR ENDED 31 MAY 2018**

Financial review (continued)

Full details of the charity's financial activities for the year ended 31 May 2018 are disclosed in the financial statements.

The charity received several grants and donations in the year for specific purposes and these are detailed in the notes to the financial statements.

Reserves policy

Reserves are defined as unrestricted funds that are freely available to spend on our charitable purposes. Reserves should be held to service an unexpected need for funds, covering unforeseen day-to-day operational costs, a shortfall in income or to fulfil our obligations. Our reserves policy is designed to reflect the underlying risks facing the charity and to ensure that we have an appropriate level of reserves to safeguard our operations and services to homeless people, in particular the opening and initial operating of new buildings. Accordingly, we consider that reserve funds of up to £5,000,000 would not be amiss, and this policy will be reviewed annually.

Risk management

The trustees have considered the major risks which they consider the charity is potentially exposed to and are satisfied that the systems that they have established will mitigate any loss arising from these risks.

Pay policy for senior staff

The pay of the senior staff is reviewed annually by the trustees without staff being present.

Going concern

The trustees consider that the charity continues to be a going concern.

Plans for future periods

The charity continues to carry out its main charitable activity in the future and intends to increase the services it provides.

**THE ASHLEY FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' ANNUAL REPORT (continued)
FOR THE YEAR ENDED 31 MAY 2018**

Chairman's statement

Following the death of our chairman, Roy Alleway in November 2017, the trustees appointed me as chairman in March 2018. I have been a trustee of The Ashley Foundation since 2011 so I am well acquainted with the charity although this is my first attempt at the chairman's statement in the annual report.

Roy had been appointed to our board via the Charity Commission and Reach Volunteering in 2003. He gave us many years of dedicated service.

In preparing this report, I did some research and read an interesting article (by David Ainsworth) entitled 'What if we scrapped the annual report and started again?' I quote some of the points he mentioned:-

What is the purpose of charity? Charities exist to do good, for the public benefit- that's why they get tax breaks. Charity accounts are highly regulated and standardised. They have to be so because they need to dovetail with company law and people have to be able to read them. So, they have to look like company accounts - and each other. But in front of the annual accounts, each year, charities are required to include another document - the annual report. Yet too often, the annual report gets filled with waffle.

What do we do?

Our purpose is very simple. There are many people homeless, whether rough sleeping or sofa-surfing. We provide them with support and accommodation. All incoming clients are accommodated in one of our hostels (bedroom, food, heating provided) and assessed by our staff. Through assessment and discussion, we identify the cause of the homelessness and do our best to enable the client to attain independent living. Simple. That's the basics of what we do. It gets more complicated dealing with alcohol, drug, self-harm, mental health, personal hygiene, literacy issues, etc. We assist clients to move-on into independent accommodation and work with housing providers including private landlords. We also operate our own move-on flats for clients who still need ongoing support.

How do we do it?

By having staff and buildings.

Where does our money come from?

Over the years, we have had numerous local authority contracts and some grants but most of our income has been paid to us by our clients in the form of their housing benefit awards.

How do we survive financially?

We've been providing our services for over 20 years and have always operated on business principles. Smaller charities like us do not get bailed out when they run out of money and we know that cashflow is king.

How many clients are we talking about?

Blackpool - 62 hostel bedrooms and 48 move-on flats (+1x caretaker flat)

Blackburn - 118 hostel bedrooms

Sunderland - 26 hostel bedrooms and 40 move-on flats

Therefore, on any given night, we can accommodate 294 persons.

**THE ASHLEY FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' ANNUAL REPORT (continued)
FOR THE YEAR ENDED 31 MAY 2018**

Chairman's statement (continued)

How do we get our buildings?

Through ownership, leasing and management agreements.

How do we see the future?

We're going to have no shortage of clients.
Homelessness is going to get worse despite government talk.
Regulation is going to make life harder.
Benefit changes will cause unnecessary turmoil.

What would be on our wish list?

Better joined-up action (not just talk!) between agencies.
Proper cooperation and goodwill from local authorities.
Ability to reclaim VAT (we're not vat registered).
Council tax exemption when our units are unoccupied.
To provide work training alongside our support and accommodation.

As you can see, I've tried to avoid the 'waffle' and keep my statement as simple as possible. At this point, I must pay tribute to my fellow trustees, our dedicated staff and occasional volunteers who make it all happen.

If you find what we do interesting, contact me anytime as I'm happy to provide further detail of our operation and we always welcome visitors.

If you want to be involved as a member (we're a membership charity) or even as a trustee, please check out our website www.theashleyfoundation.org

Approved by the board on 26.11.18 and signed on its behalf by:



.....
Mr D Kam (Chairman)
Trustee

**THE ASHLEY FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' RESPONSIBILITIES IN RELATION TO
THE FINANCIAL STATEMENTS**

The trustees (who are also directors of The Ashley Foundation for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the trustees are 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 financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors is unaware; and
- the trustees have taken all steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

**THE ASHLEY FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF THE ASHLEY FOUNDATION
FOR THE YEAR ENDED 31 MAY 2018**

Opinion

We have audited the financial statements of The Ashley Foundation for the year ended 31 May 2018 which comprise the group statement of financial activities, the group and parent company statement of financial position, the cash flow statement 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 (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the charitable company's affairs as at 31 May 2018 and of the group's 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 requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and charitable company 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 trustees use the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company'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.

**THE ASHLEY FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT (continued)
TO THE MEMBERS OF THE ASHLEY FOUNDATION
FOR THE YEAR ENDED 31 MAY 2018**

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the group charitable company and its environment obtained in the course of the audit, we have not identified misstatements in the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the group financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

**THE ASHLEY FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT (continued)
TO THE MEMBERS OF THE ASHLEY FOUNDATION
FOR THE YEAR ENDED 31 MAY 2018**

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement (set out on page 7), the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of group financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group charitable company'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 trustees either intend to liquidate the group charitable company 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 Report 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 charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company'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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



**Jacqueline Hyde FCA (Senior Statutory Auditor)
for and on behalf of John Potter & Harrison
Chartered Accountants
and Statutory Auditors
3a Clifton Square
Lytham St Annes
Lancashire
FY8 5JP**

Date: 28.11.18

THE ASHLEY FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(Including consolidated Income and Expenditure Account)
FOR THE YEAR ENDED 31 MAY 2018

	Notes	Restricted Funds £	Unrestricted Funds £	Total Funds 2018 £	Total Funds 2017 £
Income:					
Donations and legacies	2	32,675	284,430	317,105	44,327
Income from charitable activities:					
Operation of accommodation and support	3	-	1,738,944	1,738,944	1,702,416
Income from other trading activities:					
Commercial trading operation	4	-	33,843	33,843	41,169
Investment income – bank interest	5	-	11,318	11,318	586
Rental income		-	350	350	1,905
		-----	-----	-----	-----
Total incoming resources		32,675	2,068,885	2,101,560	1,790,403
		-----	-----	-----	-----
Expenditure:					
Cost of raising funds:					
Commercial trading operation	4	-	(32,106)	(32,106)	(28,925)
Expenditure on charitable activities:					
Operation of accommodation and support	6	(32,675)	(1,999,716)	(2,032,391)	(1,363,714)
Material surplus on disposal of properties	6	-	3,315,561	3,315,561	-
		-----	-----	-----	-----
Total resources (expended)/received		(32,675)	1,283,739	1,251,064	(1,392,639)
		-----	-----	-----	-----
Net incoming resources for the year		-	3,352,624	3,352,624	397,764
Total funds brought forward		-	1,289,095	1,289,095	891,331
		-----	-----	-----	-----
Total funds carried forward		-	4,641,719	4,641,719	1,289,095
		=====	=====	=====	=====

The statement of financial activities includes all gains and losses in the year and therefore a statement of total recognised gains and losses has not been prepared.

All the above amounts relate to continuing activities.

The notes on pages 14 to 24 form part of these financial statements

**THE ASHLEY FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)**

**CONSOLIDATED BALANCE SHEET
AS AT 31 MAY 2018**

		Group	Group	Charity	Charity
	Notes	2018 £	2017 £	2018 £	2017 £
Fixed assets					
Tangible assets	11	1,423,945	1,846,717	1,423,945	1,846,717
Investments	12	-	-	1	1
Total fixed assets		<u>1,423,945</u>	<u>1,846,717</u>	<u>1,423,946</u>	<u>1,846,718</u>
Current assets					
Stock and work in progress	13	3,000	3,000	3,000	3,000
Debtors	14	118,633	224,402	212,042	314,381
Cash at bank and in hand		3,997,796	419,721	3,988,390	407,883
Total current assets		<u>4,119,429</u>	<u>647,123</u>	<u>4,203,432</u>	<u>725,264</u>
Creditors: amounts falling due within one year	15	<u>(161,230)</u>	<u>(89,949)</u>	<u>(160,730)</u>	<u>(89,049)</u>
Net current assets		<u>3,958,199</u>	<u>557,174</u>	<u>4,042,702</u>	<u>636,215</u>
Total assets less current liabilities		5,382,144	2,403,891	5,466,648	2,482,933
Creditors: amounts falling due after More than one year	16	<u>(740,425)</u>	<u>(1,114,796)</u>	<u>(740,425)</u>	<u>(1,114,796)</u>
Net assets		<u><u>4,641,719</u></u>	<u><u>1,289,095</u></u>	<u><u>4,726,223</u></u>	<u><u>1,368,137</u></u>
The funds of the charity:					
Restricted income funds		-	-	-	-
Unrestricted income funds		4,641,719	1,289,095	4,726,223	1,368,137
		<u><u>4,641,719</u></u>	<u><u>1,289,095</u></u>	<u><u>4,726,223</u></u>	<u><u>1,368,137</u></u>

The trustees have prepared group accounts in accordance with Section 398 of the Companies Act 2006 and Section 138 of the Charities Act 2011. These accounts are prepared in accordance with the special provisions of part 15 of the Companies Act relating to small companies and constitute the annual accounts required by the Companies Act 2006 and are for circulation to members of the company.

The financial statements were approved by the board of trustees on 26.11.18 and are signed on their behalf by:

.....Chairman
D Kam

The notes on pages 14 to 24 form part of these financial statements.

Charity No: 1063208
Company No: 3366712

THE ASHLEY FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF CASH FLOWS
AS AT 31 MAY 2018

		Group	Group	Charity	Charity
		2018	2017	2018	2017
	Notes	£	£	£	£
Cash used in operating activities	23	<u>240,349</u>	<u>368,649</u>	<u>242,781</u>	<u>363,514</u>
Cash flow from investing activities					
Interest income		11,318	586	11,318	586
Sale/purchase of tangible fixed assets		<u>3,709,273</u>	<u>48,532</u>	<u>3,709,273</u>	<u>48,532</u>
		<u>3,720,591</u>	<u>49,118</u>	<u>3,720,591</u>	<u>49,118</u>
Cash flow from finance activities					
Increase in borrowings		-	-	-	-
Repayment of borrowing		<u>(382,865)</u>	<u>(38,864)</u>	<u>(382,865)</u>	<u>(38,864)</u>
Cash used in financing activities		<u>(382,865)</u>	<u>(38,864)</u>	<u>(382,865)</u>	<u>(38,864)</u>
Increase/decrease in cash and cash equivalents in the year		<u>3,578,075</u>	<u>378,903</u>	<u>3,580,507</u>	<u>373,768</u>
Cash and cash equivalent at the beginning of the year		<u>419,721</u>	<u>40,818</u>	<u>407,883</u>	<u>34,115</u>
Total cash and cash equivalents at the end of the year		<u><u>3,997,796</u></u>	<u><u>419,721</u></u>	<u><u>3,988,390</u></u>	<u><u>407,883</u></u>

**THE ASHLEY FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2018**

1. Accounting policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

(a) Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2015) – (Charities SORP (FRS102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) and the Companies Act 2006.

The Ashley Foundation meets the definition of a public benefit entity under FRS102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant Accounting Policy note.

(b) Group financial statements

The financial statements consolidate the results of the charity and its wholly owned subsidiary Homeless Action CIC on a line by line basis. A separate statement of financial activities and income and expenditure account for the charity has not been presented because the Charity has taken advantage of the exemption afforded by Section 408 of the Companies Act 2006.

(c) Fund accounting policies

Unrestricted income funds are general funds that are available for use at the trustees' discretion in furtherance of the objectives of the charity.

Restricted funds are funds are those donated for use in a particular area or for specific purposes, the use of which is restricted to that area or purposes.

Designated funds are unrestricted funds set aside at the discretion of the trustees for specific purposes.

Further details are disclosed in note 20.

(d) Income recognition policies

Income from donations and grants that provide core funding or are of a general nature is recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability.

Income from charitable activities includes income recognised as earned (as the related goods or services are provided) under contract.

Investment income is recognised on a receivable basis.

**THE ASHLEY FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MAY 2018**

1. Accounting policies (continued)

(e) Expenditure

Liabilities are recognised as soon as there is a legal or constructive obligation committing the charity to the expenditure. All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category.

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Support costs include costs of the preparation and examination of the statutory accounts, the costs of trustee meetings and the cost of any legal advice to trustees on governance or constitutional matters.

(f) Fixed assets

Individual fixed assets costing £1,000 or more are initially recorded at cost.

Depreciation is provided on all tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

Freehold land and buildings	2% per annum on cost
Plant and machinery	100% straight line basis

(g) Investments

Fixed asset investments are included at market value at the balance sheet date.

Realised gains and losses on investments are calculated as the difference between sales proceeds and their market value at the start of the year, or their subsequent cost, and are charged or credited to the statement of the financial activities in the period of disposal.

Unrealised gains and losses represent the movement in market values during the year and are credited or charged to the statement of financial activities based on the market value at the year end.

(h) Stock

Stock is valued at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks. Net realisable value is based on selling price less anticipated costs to completion and selling costs. Items donated for resale or distribution are not included in the financial statements until they are sold or distributed.

(i) Operating leases

Rentals payable under operating leases are charged in the statement of financial activities on a straight line basis over the lease term.

**THE ASHLEY FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MAY 2018**

1. Accounting policies (continued)

(j) Licence agreements and management agreements.

The charity has licence agreements in place with other similar organisations. The trustees consider that it is appropriate to show this net income within incoming resources.

The charity has management agreements in place with housing associations to provide management of flats and hostels owned by the association but operated by the charity. Income and expenditure in respect of this arrangement is shown within incoming resources and expenditure on charitable activities.

(k) Debtors

Other debtors are recognised at the settlement amount due. Prepayments are valued at the amount prepaid after taking any discount due.

(l) Cash at bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments.

(m) Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in a transfer of funds to a third party at the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discount due.

(n) Financial instruments

The trust only has financial assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction, value and subsequently measured at their settlement value.

2. Donations and legacies

	Restricted Funds	Unrestricted Funds	Total Funds 2018	Total Funds 2017
	£	£	£	£
Donations and legacies				
Appeals and donations	-	284,430	284,430	5,855
Grants	32,675	-	32,675	38,472
	<u>32,675</u>	<u>284,430</u>	<u>317,105</u>	<u>44,327</u>

**THE ASHLEY FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MAY 2018**

3. Incoming resources from charitable activities

	Restricted Funds	Unrestricted Funds	Total Funds 2018	Total Funds 2017
	£	£	£	£
Charitable activities				
Housing benefit and supporting people income	-	1,660,167	1,660,167	1,653,849
Residents' contributions	-	78,777	78,777	48,567
	-	1,738,944	1,738,944	1,702,416

4. Income earned from commercial trading activities

The wholly owned trading subsidiary Homeless Action CIC operates a charity shop providing clothing and furniture to those in need and to raise funds for The Ashley Foundation.

The summary financial results of the subsidiary alone is:

	2018 £	2017 £
Shop takings	33,843	41,169
Cost of sales and administration costs	(32,106)	(28,925)
Rent to parent company	(7,200)	(6,000)
Operating profit/(loss)	(5,463)	6,244

The assets and liabilities of the subsidiary company were:-

Current assets	11,249	17,111
Creditors: amounts falling due within one year	(95,752)	(96,152)
	(84,503)	(79,041)
Aggregate share capital and reserves	(84,503)	(79,041)

The company number is 08044728.

The registered office address is 81 Abingdon Street, Blackpool, Lancashire, FY1 1PP.

THE ASHLEY FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MAY 2018

5. Investment income

	Restricted Funds	Unrestricted Funds	Total Funds 2018	Total Funds 2017
	£	£	£	£
Bank interest	-	11,318	11,318	586

6. Expenditure on charitable activities

	Restricted Funds	Unrestricted Funds	Total Funds 2018	Total Funds 2017
	£	£	£	£
Wages and salaries	25,000	793,836	818,836	745,200
Staff NIC (Employers)	-	66,490	66,490	59,673
Recruitment costs	-	5,223	5,223	4,024
Staff pension costs (Employers)	-	5,525	5,525	3,004
Rent	-	387,683	387,683	18,000
Rates	-	24,676	24,676	21,649
Light, heat and power	-	47,723	47,723	36,024
Insurance	-	20,253	20,253	20,770
Repairs and maintenance	-	313,875	313,875	204,328
Computer software and maintenance costs	7,675	42,459	50,134	23,460
Telephone and fax	-	13,656	13,656	6,061
Television costs	-	588	588	582
Printing, postage and stationery	-	7,913	7,913	4,806
Food and provisions	-	76,985	76,985	73,862
Sundry expenses	-	40,561	40,561	44,764
Laundry and cleaning	-	14,178	14,178	8,002
Motor expenses	-	11,326	11,326	8,846
Travel expenses	-	17,169	17,169	-
Accountancy fees	-	2,371	2,371	-
Audit of the charity's annual accounts	-	4,800	4,800	4,800
Legal and professional fees	-	28,827	28,827	27,826
Trustee's expenses	-	8,144	8,144	5,898
AGM expenses	-	1,832	1,832	1,337
Bank charges	-	252	252	126
Loan interest	-	34,311	34,311	38,378
Depreciation on freehold land and buildings	-	29,060	29,060	-
Loss on disposal of tangible fixed assets	-	-	-	2,294
Total expenditure	32,675	1,999,716	2,032,391	1,363,714
Material profit on disposal of tangible fixed assets	-	(3,315,561)	(3,315,561)	-
Net (income)/expenditure on charitable activities	32,675	(1,315,845)	(1,283,170)	1,363,714

The disposal of properties as detailed in the Trustees' Report and note 19 to the accounts generated a material surplus in the year as shown above.

**THE ASHLEY FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MAY 2018**

7. Trustees' remuneration and expenses

The trustees were not paid or received any other benefits from employment with the charity or its subsidiary in the year (2017 £nil).

Expenses totalling £8,144 (2017: £5,898) was paid to 2 (2017: 1) trustees in the year to 31 May 2018 in respect of travelling, subsistence and communication costs.

8. Net income/(expenditure)

Net income/(expenditure) is stated after charging:

	2018	2017
	£	£
Operating leases	18,000	18,000
Management agreements	369,683	-
Auditors' remuneration	4,800	4,800
Bank interest payable	34,311	38,378
	348,794	81,178

9. Analysis of staff costs and remuneration of key management personnel

	2018	2017
	£	£
Wages and salaries	818,836	745,200
Social security	66,490	59,673
	885,326	804,873

The average number of employees during the year was 38 (2017: 31) with all employees time involved in providing either support to the governance of the charity or support services to charitable activities. The charity considers its key management personnel comprise the trustees and the chief executive officer. The total employment benefits including employer pension contributions of the key management personnel was £98,934 (2017: £95,834). No employees had employee benefits (excluding pension contributions) in excess of £60,000 (2017: none).

One employee received a payment in respect of costs following a work related injury.

10. Corporation tax

The company is a registered charity and is, therefore, exempt from taxation.

THE ASHLEY FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MAY 2018

11. Tangible fixed assets

	Freehold interest in land and buildings £	Short leasehold £	Fixtures, fittings and equipment £	Plant and machinery including motor vehicles £	Total £
Cost					
As at 1 June 2017	1,846,717	21,232	12,308	48,998	1,929,255
Additions	282,135	-	-	-	282,135
Disposals	(675,847)	-	-	-	(675,847)
As at 31 May 2018	<u>1,453,005</u>	<u>21,232</u>	<u>12,308</u>	<u>48,998</u>	<u>1,535,543</u>
Depreciation					
As at 1 June 2017	-	21,232	12,308	48,998	82,538
Charge for the year	29,060	-	-	-	29,060
As at 31 May 2018	<u>29,060</u>	<u>21,232</u>	<u>12,308</u>	<u>48,998</u>	<u>111,598</u>
Net book value					
As at 31 May 2018	<u>1,423,945</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,423,945</u>
As at 31 May 2017	<u>1,846,717</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,846,717</u>

12. Investments held as fixed assets

The charity holds 1 ordinary share of £1 in its wholly owned trading subsidiary company Homeless Action CIC which is incorporated in the United Kingdom. The activities and results of this company is summarised in note 4.

13. Stocks and work in progress

	2018 £	2017 £
Stocks – food	2,500	2,500
Stocks – cleaning and paper consumables	500	500
	<u>3,000</u>	<u>3,000</u>

14. Debtors

	2018 £	2017 £
Housing benefit receivable	105,086	207,704
Other debtors	423	773
Prepayments and accrued income	13,124	15,925
	<u>118,633</u>	<u>224,402</u>

**THE ASHLEY FOUNDATION
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**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MAY 2018**

15. Creditors: Amounts falling due within one year

	2018 £	2017 £
Bank loans and overdrafts	31,602	40,096
Amounts due to suppliers	9,427	6,314
Taxation and social security	24,796	19,179
Other creditors	3,977	1,697
Accruals and deferred income	91,428	22,663
	<u>161,230</u>	<u>89,949</u>

Creditors amounts falling due within one year includes the following liabilities, on which security has been given by the charity:

	2018 £	2017 £
Bank loans	<u>31,602</u>	<u>40,096</u>

The bank loans are secured by a first legal charge over 81-83 Abingdon Street, 254 Hornby Road, 39 and 45 Bairstow Street, 1 Wolverton Avenue, 176/178 Watson Road, 10 Knowle Avenue, The Warehouse back Cocker Street, 23 Cocker Street and 264-266 Dickson Road, all of which are situated in Blackpool.

There is further security provided by a fixed and floating charge over the other assets of the charity.

16. Creditors: Amounts falling due after more than one year

	2018 £	2017 £
Bank loans	<u>740,425</u>	<u>1,114,796</u>

Creditors amounts falling due after more than one year includes the following liabilities, on which security has been given by the charity:

	2018 £	2017 £
Bank loans	<u>740,425</u>	<u>1,114,796</u>

The bank loans are secured by a first legal charge over 81-83 Abingdon Street, 254 Hornby Road, 39 and 45 Bairstow Street, 1 Wolverton Avenue, 176/178 Watson Road, 10 Knowle Avenue, The Warehouse back Cocker Street, 23 Cocker Street and 264-266 Dickson Road, all of which are situated in Blackpool.

**THE ASHLEY FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MAY 2018**

16. Creditors: Amounts falling due after more than one year (continued)

There is further security provided by a fixed and floating charge over the other assets of the charity.

Included in the creditors are the following amounts due after more than five years:

	2018 £	2017 £
After more than five years by instalments	614,017	944,911

17. Members' liability

The charity is a private company limited by guarantee and consequently does not have share capital. Each of the members is liable to contribute an amount not exceeding £10 towards the assets of the charity in the event of liquidation.

18. Operating lease commitments and management agreements

As at 31 May 2018 the charity had total commitments under non-cancellable operating leases and management agreements as follows:

Agreements which expire:

	2018 £	2017 £
Less than one year	782,920	-
Within two and five years	3,071,680	48,000
Over five years	12,976,117	-
	<u>16,830,717</u>	<u>48,000</u>

Following the disposal of certain of its properties, the charity entered into long term management agreements as detailed in the Trustees' Report and note 19 to the accounts. The above commitment is in respect of twenty year management agreements to manage certain flats and hostels (as detailed in note 19), together with an existing lease commitment in respect of one of its properties.

19. Related parties

Controlling entity

The charity is controlled by the trustees who are all directors of the company.

Related party transactions

During the year the charity purchased a property, 4 Bute Avenue, Blackpool

Mr Ashley Dribben, trustee, acted in his personal capacity as a land and property broker in this transaction and received remuneration/benefit thereon. Mr Ashley Dribben declared his interest to the board, played no part in the decision making and withdrew from the meeting at which the proposition was voted on. The charity did not pay him anything.

**THE ASHLEY FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MAY 2018**

19. Related parties (continued)

Related party transactions (continued)

During the year the charity sold its 3 Blackpool hostels to Global Capital Holdings and agreed to continue operating them via 20 year management agreements with Falcon Housing Association. Management agreements were also contracted for (40) flats and (1) hostel in Sunderland, not previously owned or operated by the charity.

Mr Ashley Dribben, trustee, acted in his personal capacity as a land and property broker in these transactions and received remuneration/benefit thereon. Mr Ashley Dribben declared his interest to the board, played no part in the decision making and withdrew from the meetings at which the propositions were voted on. The charity did not pay him anything.

Mr Ashley Dribben, trustee, is the son of Mr Lee Dribben, CEO.

Donations were received in the year from Global Capital Holdings £172,500 and Falcon Housing Association £100,000.

20. Analysis of charitable funds

(a) Analysis of movement in unrestricted funds

	At 1 June 2017 £	Incoming resources £	Resources expended £	At 31 May 2018 £
General funds including designated funds	1,289,095	2,068,885	1,312,800	4,670,780

(b) Analysis of movements in restricted funds

	At 1 June 2017 £	Incoming resources £	Resources expended £	At 31 May 2018 £
Grants	-	32,675	(32,675)	-

**THE ASHLEY FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MAY 2018**

21. Transfers

As stated above, any surplus expenditure arising on any of the restricted funds is met from general (unrestricted) funds.

Where applicable and where not prohibited under any terms specified by the donor, any restricted funds where it is deemed that the associated activity or purpose has ceased are likewise transferred to general funds at the discretion of the trustees.

22. Net assets by fund

	Unrestricted Funds £	Total Funds 2018 £	Total Funds 2017 £
Tangible assets	1,423,945	1,423,945	1,846,717
Current assets	4,119,429	4,119,429	647,123
Creditors: Amounts falling due within one year	(161,230)	(161,230)	(89,949)
Creditors: Amounts falling due after more than one year	(740,425)	(740,425)	(1,114,796)
Net assets	<u>4,641,719</u>	<u>4,641,719</u>	<u>1,289,095</u>

23. Reconciliation of net movement in funds to net cash flow from operating activities

	Group		Charity	
	2018 £	2017 £	2018 £	2017 £
Net movement in funds	3,352,624	397,764	3,358,086	391,520
Add depreciation	29,060	-	29,060	-
Less material profit on disposal of tangible fixed assets	(3,315,561)	2,294	(3,315,561)	2,294
Deduct interest income shown in investing activities	(11,318)	(586)	(11,318)	(586)
Decrease/(increase) in stock	-	-	-	-
Decrease/(increase) in debtors	105,769	(43,525)	102,339	(43,987)
(Decrease)/increase in creditors	79,775	12,702	80,175	14,273
Net cash used in operating activities	<u>240,349</u>	<u>368,649</u>	<u>242,781</u>	<u>363,514</u>

24. Material events

As detailed in the Trustees' Report and notes 6 and 19 to the accounts, disposal of certain of the Charity's properties generated a material profit. The proceeds have been partly used to repay loans and the balance is in bank deposits. The future commitments under the terms of the management agreements are as shown in note 18.