

1

Details of society

1.1 Details of the society

| | |
|---------------------------|----------------------------------|
| Register number | IP31116R |
| Registered office address | 9 Morningside Road, Southport |
| Postcode | PR9 0TS |

1.2 Year end date (dd/mm/yyyy)

See Note 1.2

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| 3 | 1 | / | 0 | 3 | / | 2 | 0 | 1 | 8 |
|---|---|---|---|---|---|---|---|---|---|

Committee of management

If you are a club you do not need to give a year of birth in questions 1.3-1.6.

The names of the members of the Committee at the date on which the return is signed should be entered below in BLOCK CAPITALS.

1.3 Details of Chairman

| | |
|---|-------------------------------|
| Name | Pastor Peter Cunningham |
| Address | 16 Hartwood Road Southport |
| Postcode | PR9 9AA |
| Year of birth | 1942 |
| Business occupation and other directorships | |

1.4 Details of Treasurer

| | |
|---|--------------------------|
| Name | Barry Moore |
| Address | 60 Longacre Southport |
| Postcode | PR9 9TB |
| Year of birth | 1976 |
| Business occupation and other directorships | |

1.5 Details of Secretary

| | |
|---|------------------------------------|
| Name | Simon F. Westmacott |
| Address | Greenacre Meopham Green Kent |
| Postcode | DA13 0PY |
| Year of birth | 1944 |
| Business occupation and other directorships | Chartered Accountant |

1.6 Details of Members of the Committee

| Name | Address | Year of birth | Business occupation and other directorships |
|-------------------------|--|---------------|--|
| Pastor Peter Cunningham | 16 Hartwood Road, Southport PR9 9AA | 1942 | |
| Andrew M Cunningham | The Coach House Charnleys Lane, Banks, Southport PR9 8HH | 1974 | Director, Andrew Cunningham Building Design Ltd. |
| Rory Paget-Wilkes | 156 Swaton Road London E3 4ER | 1977 | |
| Justin Dempster | 8 Old Links Close Southport PR9 7UB | 1947 | |
| Francis Goodwin | The Mansion House 1 Purley Magna Purley-on-Thames RG8 8EL | 1952 | |
| Ernest Hibbert | 15A Church View Crigglestone Wakefield WF4 3PF | 1946 | |

Please use separate sheets of paper if you need more space, following the instructions provided in section 5 above.

Please indicate how many separate sheets of paper you have used

1

Please continue, answering all questions.

Green Pastures CBS Limited

AR-30 for year ended 31 March 2018

Continuation sheet to page 4

Members of the Committee, also directors

Alison Gelder
Flat 7 Newall House,
Harper Road,
London SE1 6QD.

David Smith
Boaz Trust
First Floor, 110 Oldham Road,
Manchester, M4 6AG

Simon F. Westmacott
Greenacre
Meopham Green,
Kent DA13 0PY

1.7 Are any members of the society's committee disqualified as directors under the Company Director Disqualification Act 1986?

- ☒ No
☐ Yes

1.8 Does the society carry out any activity which is regulated under the Financial Services and Markets Act 2000? (e.g. accepting deposits in a form other than withdrawable shares; offering insurance products; undertaking residential mortgage business). If 'yes' please state the society's Financial Services Register firm reference number

- ☒ No
☐ Yes

Financial Services Register firm reference number

1.9 Is the society a subsidiary of another society?

- ☒ No
☐ Yes

1.10 Does the society have one or more subsidiaries?

- ☐ No
☒ Yes

1.11 Is the society currently accepted by the HM Revenue and Customs as a charity for tax purposes?

- ☐ No
☒ Yes

Please confirm you have attached a copy of the letter from HM Revenue and Customs confirming charitable tax status:

- ☒ Yes

1.12 Is this society a charity registered with the Office of the Scottish Charity Regulator (OSCR)?

- ☒ No
☐ Yes ► provide your Scottish Charity number below

1.13 Is the society registered with one of the following (please tick)?

- ☐ Homes and Communities Agency
☐ The Welsh Ministers
☐ Scottish Housing Regulator

If so, please provide your register number

All societies must answer the following questions:

- if a **bona fide co-operative society** go to question 1.14
- if **existing for the benefit of the community** go to question 1.19

Bona fide co-operative society

1.14 How did members benefit from the business, industry or trade of the society during the year?

| |
|--|
| |
|--|

1.15 Is membership of the society required to obtain the benefits offered by it?

- ☐ Yes
☐ No

1.16 In what way did members participate in an ongoing basis in the society's primary business during the year?

| |
|--|
| |
|--|

1.17 How did members democratically control the society?

| |
|--|
| |
|--|

1.18 How did the society use any surplus/profit?

If the society distributed the surplus/profit to members please explain how this was done.

| |
|--|
| |
|--|

Please use separate sheets of paper if you need more space (see section 5 above)

Please indicate how many separate sheets of paper you have used.

| |
|--|
| |
|--|

Continue to 2.1

Community benefit society

1.19 Who are the community the society benefited?

The vision and objectives for the company are to eradicate homelessness in the UK and provide accommodation for the marginalised. To achieve this, we work with mainly Christian partners to establish projects and provide pastoral and spiritual care and assistance.

1.20 How did the society benefit that community during the year?

Our "Partners" are those organisations, often churches, to which the company lets its homes for the homeless on medium term leases, typically for 6 – 10 years. These partners will have already identified one or more tenants and an appropriate home(s) which the company will buy, subject to due diligence. The partner sub-lets to the homeless person or family, mentors them and provides organisation and management to their lives, the objective being to make the tenants self-sufficient. We see this provision of property as a releasing of churches to provide homes and support.

1.21 How did the society use any surplus/profit?

All CBS assets are asset-locked, meaning they cannot be sold and the proceeds distributed outside the company. During the year all property purchased facilitated the provision of additional homes and support. Any surplus generated by subsidiary companies was utilised towards the core purpose. Partners provide pastoral support to tenants free of charge, sustaining tenancies. Support is wide ranging and varies across the partnerships depending on tenant backgrounds.

Please use separate sheets of paper if you need more space (see section 5 above).
Please indicate how many separate sheets of paper you have used.

0

Continue to 2.1

2 Statistics

Account details

2.1 You must enter the figures below

See notes for help on items E-T. Enter NIL where applicable

| | | |
|---|--|------------|
| A | Members at beginning of year | 3 |
| B | Members ceased during year | 0 |
| C | Members admitted during year | 0 |
| D | Members at end of year | 3 |
| E | Turnover for year | 2,564,639 |
| F | Total of income and expenditure (receipts and payments added together) | 4,972,002 |
| G | Net surplus/(deficit) for year | 633,024 |
| H | Fixed assets | 29,993,402 |
| I | Current assets | 5,961,290 |
| J | Total assets (equal to amount in row O, below) | 35,954,692 |
| K | Current liabilities | 9,135,101 |
| L | Share capital | 1,000 |
| M | Long-term liabilities | 23,924,934 |
| N | Reserves | 2,893,657 |
| O | Total liabilities, share capital & reserves (K+L+M+N) (equal to amount in J above) | 35,954,692 |
| All societies (excluding clubs) must complete boxes P-T | | |
| P | Investments in other registered societies | 0 |
| Q | Loans from members | 0 |
| R | Loans from Employees' Superannuation Schemes | 0 |
| S | Dividends on sales | 0 |
| T | Share interest | ? |

2.2 Names of subsidiaries as defined in sections 100 and 101 of the Co-operative and Community Benefit Societies Act 2014

| |
|--------------------------------|
| Adoni Developments Ltd |
| Green Pastures Developmens Ltd |
| Green Pastures North West Ltd. |
| |
| |
| |
| |
| |

2.3 Names of subsidiaries not dealt with in group accounts (if any) and reasons for exclusions (as approved by the FCA)

The society must have written authority from us to exclude a subsidiary from group accounts

| |
|--|
| |
| |
| |
| |
| |
| |
| |
| |

3

The audit

3.1 Type of audit used for the attached accounts.

If the society has used a full professional audit or an accountant's report then the report must be prepared by a registered auditor.

- ☒ Full professional audit ▶ Continue to section 4
- ☐ Accountant's report ▶ Complete questions 3.2 and 3.3
- ☐ Lay audit ▶ Complete questions 3.2 and 3.3
- ☐ Unaudited ▶ Complete questions 3.2 and 3.3

3.2 Do the society's registered rules allow the society not to undertake a full professional audit?

- ☐ No
- ☒ Yes

3.3 Has the membership passed at a general meeting a resolution allowing the society not to undertake a full professional audit for the year of account in question? (In accordance with section 84 of the Co-operative and Community Benefit Societies Act 2014)

- ☒ No
- ☐ Yes

4 Accounts and signature

Accounts

4.1 Date on which the accounts and balance sheet will be/were laid before the AGM (dd/mm/yyyy)

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| 2 | 9 | / | 1 | 0 | / | 2 | 0 | 1 | 8 |
|---|---|---|---|---|---|---|---|---|---|

4.2 Has your society produced accounts to the minimum standard required?

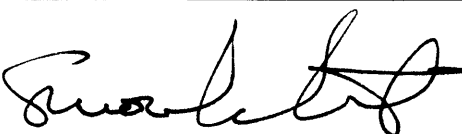
☒ Yes ▶ you must confirm that you have attached the accounts and the audit/accountant's report bearing the original signatures of the auditor (if required by law), the secretary and the two committee members. ☒ Attached

☐ No ▶ you must produce accounts to the minimum standard required, see notes for details.

Signature – all societies to complete

4.3 The Secretary of the society must sign and date below

I certify that the information in this form is correct to the best of my knowledge and belief.

| | |
|--------------|--|
| Name | Simon Westmacott |
| Signature |  |
| Phone number | 01474 813143 |
| Email | alpha@westmacott.net |
| Date | 29/10/2018 |

Charity Registration No. XT27103

Company Registration No. IP31116R (England and Wales)

GREEN PASTURES CBS LIMITED

**DIRECTORS' REPORT AND CONSOLIDATED FINANCIAL
STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2018

LEGAL AND ADMINISTRATIVE INFORMATION

Directors

Pastor Pete Cunningham
Andrew Cunningham
Rory Paget-Wilkes
Francis Goodwin
Ernest Hibbert
Justin Dempster
Alison Gelder
David Smith
Simon Westmacott

Secretary

Simon Westmacott

Charity Number

XT27103

Company Number

IP31116R

Registered Office

9 Morningson Road
Southport
PR9 0TS

Administration Office

28 Union Street,
Southport
PR9 0QE

Independent Auditors

Mazars LLP
Times House
Throwley Way
Sutton
Surrey
SM1 4JQ

CONTENTS

| | Page |
|---|-------------|
| Directors' Report | 1 - 6 |
| Independent Auditors' Report | 7 - 8 |
| Consolidated Statement of Financial Activities | 9 |
| Consolidated Summary Income and Expenditure Account | 9 |
| Consolidated Statement of Recognised Gains and Losses | 9 |
| Consolidated Balance Sheet | 10 |
| Charity Balance Sheet | 11 |
| Consolidated Statement of Cash Flows | 12 |
| Notes to the Accounts | 13 - 23 |

GREEN PASTURES CBS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES REPORT

FOR THE YEAR ENDED 31 MARCH 2018

The Directors submit the statutory report and consolidated accounts of Green Pastures CBS Limited ("CBS") for the year ended 31 March 2018.

Reference and administrative details of the Company

CBS is an Industrial and Provident Society incorporated as a registered company with exempt charitable status and as such is exempt from the requirement to be registered as a charity with the Charity Commission. The company was formed under the Industrial and Provident Societies Acts 1965 to 2002 (now superseded by the Co-operative and Community Benefit Societies Act 2014) and as such is governed by its Rules.

The Financial Statements follow the requirements of the revised Statement of Recommended Practice – Accounting and Reporting by Charities (SORP 2015), as issued by the Charity Commission in 2014. For the purpose of charity law, both Executive and Non-Executive Directors are also the company's trustees and are responsible for making all major decisions on behalf of the Company.

The Directors who served during the year or before the date of this report were:

Executive Directors

Pastor P Cunningham

Andrew Cunningham

Rory Paget-Wilkes

Simon Westmacott

Non-Executive Directors ("NED"s):

Francis Goodwin

Ernest Hibbert

Justin Dempster

Alison Gelder

David Smith

Directors' interests

The Executive Directors' interests in the issued share capital of CBS were as stated below:

| | Ordinary shares of £1 each | |
|------------------------|----------------------------|----------|
| | 31.03.18 | 31.03.17 |
| Pastor Pete Cunningham | 334 | 334 |
| Andrew Cunningham | 333 | 333 |

The only other shareholder was AV Woodley, a member of the management committee who held 333 shares at both year-end dates.

Main aim, objectives and activities

The vision of the CBS group is:

- to provide homes for the homeless and those in need, in every UK city, town and village;
- to eradicate homelessness in the UK through partnering with mainly Christian projects;
- to provide sustainable accommodation for the marginalised; and
- to provide pastoral and spiritual care and assistance for the homeless and those in most need.

The CBS group operates through buying and building property to house people who are sleeping rough or in unsuitable accommodation thereby providing those people, who have little in their lives that is secure, with a home. We partner with local churches and charities who rent and manage the property and provide each tenant with the specific support they need. As referred to elsewhere in this report, CBS added a net 121 beds in 2018 compared with 93 the previous year. The target for the current year is to add 125 beds; by 1 August, GP had added a net 52 beds including those awaiting legal completion. CBS funds its activities through mortgages, bank finance, personal loans and the issue of unsecured loan stock paying 4% or 5% depending on the term or such lesser rate as the lender will accept.

Organisation and management

The CBS group receives overall management and direction from its management committee and NEDs. The management committee consists of the Executive Directors. The NEDs provide greater transparency, accountability and direction. Decisions involving an Executive Director as a related party or otherwise having a potential conflict of interest are taken by the remaining directors including the NEDs. Any NED who is similarly conflicted does not vote on such decisions.

Recruitment, appointment, induction and training of new trustees

The current trustees review this process and appoint those persons who are deemed suitable. An induction process is provided to new Directors to ensure that they are aware of their responsibilities and understand the work of the charity.

Key staff retention remains a priority.

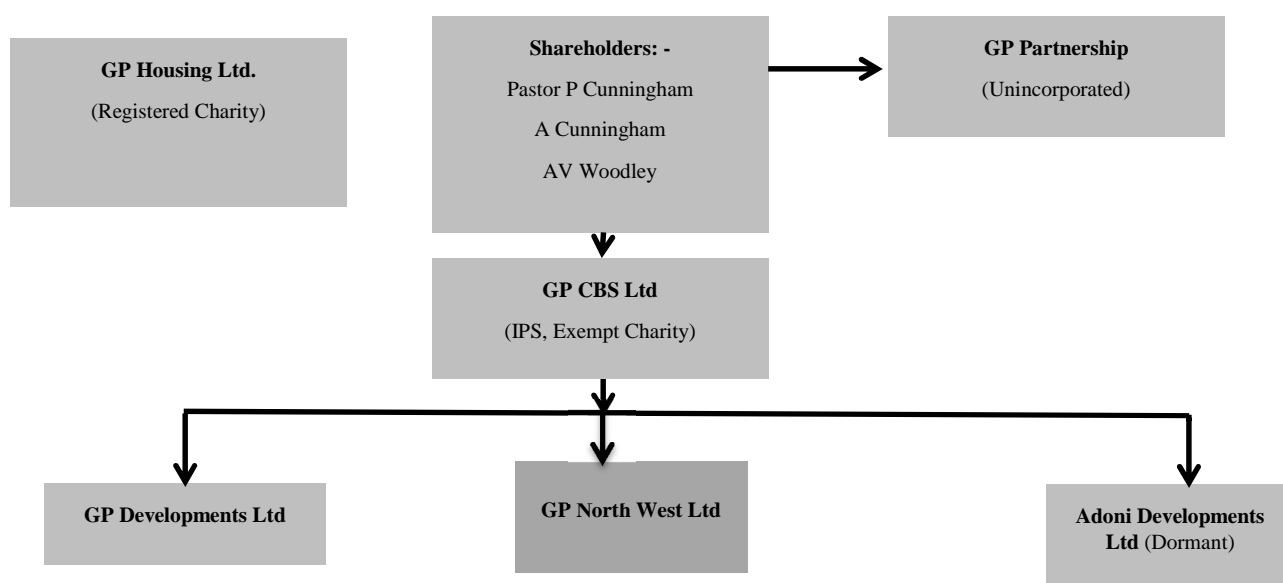
GREEN PASTURES CBS LIMITED DIRECTORS' REPORT AND FINANCIAL STATEMENT 2018

STATEMENT OF DIRECTORS' RESPONSIBILITIES REPORT (CONTINUED)

FOR THE YEAR ENDED 31ST MARCH 2018

Group Structure

The CBS group consists of the parent company, CBS, and three subsidiaries as shown on the group structure below. The three individuals who own the shares as shown on the previous page are also partners in Green Pastures Partnership which is also shown on the group structure below:



The objectives of all the separate entities shown above mirror those of the charitable group, except for Green Pastures Developments Limited ("GPD") which is involved in property development with the objective of supporting the activities of CBS.

Green Pastures Housing is a separate registered charity (charity number 1131468) whose primary purpose is to collect donations from individuals and organisations for housing the homeless, operate gift aid and pay these over to CBS and other parties. One of its trustees is the father of Rory Paget-Wilkes, a director of CBS, but it is otherwise independent from other Green Pastures entities. Green Pastures Partnership ("GPP") owns several properties housing homeless people and dates back to the origins of the Green Pastures operation in 1999.

Public benefit

The Directors confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the company's aims and objectives, and in considering future activities of the company.

The vision and objectives of the Company are to eradicate homelessness in the UK and provide accommodation for the marginalised. To achieve this we work with mainly Christian partners to establish projects and provide pastoral and spiritual care and assistance.

Our "partners" are those organisations, often churches, to which CBS lets its homes for the homeless on medium term leases, typically for 6 - 10 years. These partners will have already identified one or more tenants and an appropriate home which CBS will buy, subject to due diligence. The partner sublets to the homeless person(s) or family, mentors them and provides organisation and management to their lives, the objective being to bring the tenants to self-sufficiency. We see this provision of property as a releasing of churches to provide homes and support.

All CBS assets are asset-locked, meaning they cannot be sold and the proceeds distributed outside the company. During the year all property purchased facilitated the provision of additional homes and support. Any surplus generated from subsidiary companies was utilised towards the core purpose. Partners provide pastoral support to tenants free of charge, sustaining tenancies. Support is wide ranging and varies across the partnerships depending on tenant backgrounds. Tenants range across families, addicts, ex-offenders, destitute asylum seekers, sofa surfers, families with disabilities regardless of age, gender or religion. Support includes assisting with household administration, ensuring doctor and hospital appointment attendance, food parcels, welfare to work programmes, encouraging access to wider church programs including Alpha, Celebrate Recovery, Community Awareness Programme, Sunday School, Youth, Cell Groups, Sunday Services and Volunteering. Some partners have accessed allotments to grow fruit and vegetables while others have started businesses so that residents can train to be economically self-sufficient. This work raises small funds to support partner ministries.

Whilst not quantified, this wide ranging support has a positive impact on the public purse by reducing prison population and assisting tenants back to work whether voluntary or paid. Tenants with addictions are offered support by professional services including rehabilitation. Our efforts are centred on homeless people and the wider issues surrounding the causes of homelessness so that such people can rebuild their lives and become socially and economically self-sustaining. This is not only fulfilling for them, but enables them to move on and release their GP home for someone else. We continue to seek improvement in our ministry and share best practice with all partners. The annual partner conference is a great resource for partners to share experience and ideas, which results in greater impact.

During 2017, we expanded our criteria for property investment whereby we will buy a small number of newly built homes to let on the open market. Whilst still providing new homes for people to rent, these homes provide Green Pastures with an asset cushion whereby they can be readily sold should the need arise without disturbing any of our tenants who would otherwise be homeless. We have since bought 12 such homes at a discount from a developer which we expect to realise a growing margin over cost of funds into the future.

Review of the year

The year to 31st March 2018 maintained our growth rate, achieving 121 new bed spaces against a target of 115. This compared with 93 net bed spaces added during 2017. During the year, we spent £4.2m on additional properties and sold six properties realising a net loss of £38,543. At the year end, our pipeline stood at £1.5m consisting of 31 bed spaces. The total number of bed spaces is updated on our web site; on 8 October 2018, the total stood at 954.

GREEN PASTURES CBS LIMITED DIRECTORS' REPORT AND FINANCIAL STATEMENT 2018

STATEMENT OF DIRECTORS' RESPONSIBILITIES REPORT (CONTINUED)

FOR THE YEAR ENDED 31ST MARCH 2018

We would not have come this far without the support, trust and faith in what we do from our stakeholders. The rewards have been plentiful in terms of the impact both on our tenants and the numerous local communities in which we operate.

The team at Green Pastures continues to work relentlessly in order to improve every aspect of what we do for our tenants and the corresponding impact this has in our communities. For this reason, it is not only the finances that are prioritised because we work with and for people in need, but the quality of provision is also important in order permanently to change our tenants' lives.

Some of our partner liaison staff moved on during the year and have been replaced so that we continue to achieve growth by extending the network of church partners including handling prospective partner enquiries. We aim to bring about firm and lasting relationships personally with the partners in each town where we purchase homes. An important part of the partner liaison work is providing experience and knowledge to new partners who are leasing a property and supporting tenants for the first time.

Additional staff for promotional work brings to the forefront the development of loan stock investment through conference attendance, radio campaigns, speaking engagements and newsletter releases enabling the wider Christian community to partner and invest with us. We continue to develop links with government ministers and departments and other charitable organisations. Last year, we were discussing with ministers the possibility of Green Pastures housing refugees but so far this has not evolved into a definitive programme. Our public relations work includes the development of our website, development of Twitter which attracts over 5000 followers and YouTube videos. We are also currently running an advertising campaign via Premier Christian Radio.

In summarising our operational achievements this year, Green Pastures has continued to improve its multiple bottom lines. As before, we can show what impact we have had, noticeably through our work in housing the homeless and helping the marginalised.

As a Christian Social Enterprise, we believe that faith is fundamental to having a full life. As in past years, several tenants found faith for the first time or their faith was renewed.

Our "Pathways – Welfare to Work" Program continues to provide opportunities for tenants to work voluntarily or part time paid. There are several tenants who have been working consistently for over a year.

Green Pastures has an aspirational target of creating 1 home for each home bought, achievement of which is likely to be dependent upon a stream of suitable development opportunities. Our plans to sell the plot to the rear of Southport Road fell through and we are now in discussion with a Christian developer who will operate entirely on a profit share basis and provide 32 private and 5 affordable new homes for Green Pastures.

Financial Performance

The results for the year and the state of the charitable group's affairs as at 31 March 2018 are set out in the financial statements on pages 9 to 23. On a stand-alone basis, CBS's operating result ("net incoming resources") improved to a loss of £(41)k from £(67)k in 2017 whilst on a consolidated basis, CBS achieved a surplus of £109k after tax provisions in subsidiaries of £53k. This compared with £131k for 2017.

CBS has continued its growth programme by investing more than £138,000 during the year, referred to in the Review of the Year, in maintaining and growing our partner portfolio. This recurring cost has been carried in our Profit and Loss account, so as the business grows, margins improve as the cost is spread. Our intention is that the present growth infrastructure will enable the group to add a further 150 homes together with supporting ministry. We are also investing heavily on new I.T. support services to handle our loan stock, CRM and property portfolio. These services will be scalable and should set us up well for the future.

As noted elsewhere, the Directors' policy is to gift profits from subsidiaries up to CBS because the very reason for their existence is to support the core business of providing homes for the homeless. We expect the consolidated position in March 2019 to show a material increase in group equity and available cash.

Our stand-alone operating profit for the year of £(41k) excludes dividends from subsidiaries of £158k; after bringing this in, the stand-alone result for the year was a profit of £117k. Stand-alone net current assets improved to £(684k) from £(2,376k) largely due to a reduction in Loan Stock maturing within the forthcoming 12 months. We are maintaining our effort to move the maturity profile of our loan stock away from short term by offering reduced interest rates for terms of less than 5 years and have recently taken on more medium term bank lending.

On a consolidated basis, our net incoming resources of £109k tangibly contributed to our net assets as did property revaluations of £524k.

From time to time, properties increase in value to an extent that there is advantage in selling and repurchasing elsewhere, or where CBS is left without a partner. In such cases, properties are sold.

CBS group has maintained growth overheads during this period whilst increasing its cash reserve to improve its capability for new home purchase.

Cash Management

CBS's policy is to hold liquid funds of approximately 10% of loan stock in issue to cover short term cash flow requirements. These liquid funds may be in the form of cash deposits or short term secured loans to third parties with a six-month call option or otherwise available by way of bank facility. The purpose of liquidity is to provide flexibility in cash management, in particular to enable the company to move quickly as opportunities arise and to meet loan stock repayments when due. Our loan stock facility coupled with bank resources enables us to manage a consolidated position of net current liabilities although our long term objective is to trade into net current assets. However, our weighted average term for loan stock is 3.66 years and more than a quarter of our loan stock falls within current liabilities. Further information on loan stock is given under that heading below.

Our 10% margin policy inevitably fluctuates according to the timing of property purchases; at the end of the year, cash plus loans out as a percentage of borrowings once again exceeded 10% partly because we used our liquidity to respond to requests for short term loans out which bring a profitable return helping to grow our asset base. These loans are also an important contributor to the expense of holding cash which attracts only a meagre deposit rate from our bankers.

Loan Stock

Investor interest in our Loan Stock recovered in the autumn of 2017 after our temporary reduction in interest rates and has increased substantially through the summer of 2018, reaching £781,000 in July. Monthly figures are on our web site. We invite investors to support CBS by accepting rates lower than the standard 5% or 4% and to extend their term which has met an encouraging response. In July 2018, our average interest rate payable had reduced to 4.38% and the average term had extended to 4.3 years.

As at 31 March 2017, the balance of issued CBS loan stock stood at £20.6m; during the year, £886k was repaid and 83% of investors representing 87% by value of those entitled to repayment chose to renew their investments. The balance at 31 March 2018 stood at £22.3m.

GREEN PASTURES CBS LIMITED DIRECTORS' REPORT AND FINANCIAL STATEMENT 2018

STATEMENT OF DIRECTORS' RESPONSIBILITIES REPORT (CONTINUED)

FOR THE YEAR ENDED 31ST MARCH 2018

Should investors wish unexpectedly to redeem their investment early and for good reason, CBS can usually accommodate such requests through its overall cash management arrangements. As at the balance sheet date, loan stock due for repayment within the next 12 months amounted to £7.3m. Longer term obligations stood at £15.0m

Our financial model utilises property purchases funded mostly by loan stock and bank or mortgage loans, the latter typically accounting for approximately 30% of the total. New loan stock, bank and mortgage loans are also used to refinance existing facilities.

Bank Loans

We are pleased that one of the major banks has continued to fund our property acquisitions albeit for shorter commitments and we expect to draw a further loan of this autumn. Margins however have hardened, pushed by regulatory impact which has also made long-term loans prohibitively expensive.

Business Angels

Over recent years, business angels have provided GP with, in aggregate, a free standby facility of £1m. This finance only incurs expense when drawn down at 5% and provides additional financial resource for future purchasing or exceptional circumstances. This is a valuable facility and we are most grateful to our angels for providing it at no commitment cost.

Reserves

The nature of CBS's business means that its operating revenue streams are reasonably predictable in the form of rents. It has operating costs, particularly business development, that could be reduced if necessary. The need to provide operating reserves, for example against fluctuations in donor income, is therefore not great. As the business grows, operating surpluses are expected to improve which will be used to add to the capital base thereby providing flexibility in the application of our 9% model¹ as well as enlarging the equity base to support future borrowing. The intention is also to provide a financial cushion to provide short term flexibility when interest rates rise materially which we expect them to do at some point and particularly if there is a hard Brexit leading to a run on the pound.

The 9% model is our target gross rental income on our properties and is made up as follows:

| | % |
|-----------------------|------------|
| Interest and capital | 6.3 |
| Voids and bad debts | 0.5 |
| Operational Costs | <u>2.2</u> |
| Total | <u>9.0</u> |
| Cyclical repairs | 0.8 |
| Business Growth costs | 1.0 |

The model is flexible and the component mix varies from property to property. We see the operational cost as relatively high in percentage terms; this reduces as we grow. We also expect to generate supporting income from other sources such as property development to provide a more sustainable base. We reported last year that CBS had a development site on Southport Road, Southport on which it was proceeding slowly towards contract exchange for a sale. That did not happen and we kept the deposit of some £9k. We are now in negotiation with an experienced team to develop the site on a joint venture basis.

Risks

The CBS group has undertaken a review of major risks to which it is exposed and monitors regularly. Budgets and management accounts have been prepared to ensure sufficient working capital is available to meet day to day requirements.

Green Pastures continues to review its risks including interest rate rises, house price and rent movements, government and local authority policy changes, investment trends and the needs and approaches of its stakeholders. These include partners, loan stock holders, bankers, employees and our suppliers such as builders, professional firms and others. Mitigation strategies implemented include holding liquidity, improving surpluses, identifying opportunities and purchasing swiftly to maximize advantage so that we can build our equity base. We also cultivate close relationships with our partners.

We regularly review CBS's position as a going concern. As noted under "Financial Performance", the financial position of CBS on a consolidated basis has continued to improve.

Property developments, referred to below under "Developments", have become a significant contributor to our growth. We are particularly mindful of the risk exposure which such projects can entail and our policy is always to minimise such exposure and to limit it to levels which the group can handle. Furthermore, the flow of development opportunities cannot be predicted with certainty.

In past years, CBS has been usefully served by rising property values, less so in recent years. Our strategy is not built upon rising values. We do not envisage a fall in property values as negatively affecting our operating performance so long as government continues to pay adequate levels of housing benefit.

We do live in uncertain times. At the time of writing, mid-September, the possibility of a no-deal Brexit crash is distinctly real, if less than 50%. Such information as we have is that the markets have not yet priced this in. Another possible scenario is a negotiated Brexit being rejected by Parliament followed by a general election. We expect either of these scenarios to result in a collapse in sterling, material increases in interest rates, tax rises, a declining economy and possibly runaway inflation. Some of us have previously lived through such times. On the other hand, the government may be sympathetic to maintaining housing benefit.

Interest Rates

To purchase properties, we utilise funding from financial institutions and from our Unsecured Loan Stock, holders of which sometimes accept less than the offered rate, currently 5% or 4% depending on the term. Our current average is 4.3%. As at 31 March 2017, the Bank's base rate was 0.25% which it increased by 0.25% in November 2017 and again in August 2018 both of which GP has been able to accommodate without difficulty. As at 30 June 2018, a rise of one quarter percentage point in interest rates would adversely affect our current annual results by £23,882. We are not expecting imminent further rate rises, but the UK is scheduled to leave the EU on 29 March 2019 which could lead to a run on the pound and consequent rate rises, as noted under

¹ Normally our minimum gross investment yield

GREEN PASTURES CBS LIMITED DIRECTORS' REPORT AND FINANCIAL STATEMENT 2018

STATEMENT OF DIRECTORS' RESPONSIBILITIES REPORT (CONTINUED)

FOR THE YEAR ENDED 31ST MARCH 2018

Risks.

Going forward

Our strategy to maintain growth costs, develop strategic promotions and increase cash reserves now shows social and financial dividend. As at the year-end CBS had more than £1.7m cash resources with sufficient acquisition opportunities available to absorb the entire sum. Partner enquiries for bed provision continue to flow so we are well placed with further increased capacity to provide homes and support. As operational and growth costs are already incorporated, this will also improve the financial performance of CBS group. We had hoped to improve significantly on the 93 additional homeless people we housed and supported in the year to 2017 and achieved an additional 121 beds for 2018 but we sold 18 leaving a net gain of 103. For the year ending March 2019 we are targeting an increase of 125 beds and by 30 August had completed on a net 28 with a further 33 with solicitors. We are currently budgeting an average bed space cost of £33,000 and, as always, assessing how we might better expand the business.

Our forecast targets are prayerfully considered and influenced by existing and new partner appetite, loan stock investment, bank and economic trends and head office capacity. We have explored with central government the possibility of providing homes for migrants on a programmed basis and after a promising start, discussions appear to have stalled. We estimate that about 10% of our ultimate tenants are migrants.

New properties continue to be acquired using our 9% model; although this has been challenging in some areas, in others we have marginally exceeded it.

Payroll costs remained little changed, marginally down for growth costs and marginally up elsewhere.

Exempt Accommodation

CBS group partners continue to have success gaining Exempt Accommodation funding, a process in which GP provides support. This provides Green Pastures partners with additional resource which is often essential in meeting our 9% investment requirement. EA was due to change during 2019 but any change has been deferred for at least three years. We are nevertheless always encouraging our partners to target local authorities to maintain the levels of income that they need.

Gifts

Green Pastures is immensely grateful for the £27,000 it received in gifts from across the country as a result of its actively seeking grant or gift funding during the year.

At the beginning of 2013 we introduced a requirement for partners to commit their supporters to give to the CBS group over and above lease agreements. This is slowly improving the financial performance, increasingly so as CBS agrees more partners.

Savings

Operating costs, excluding interest, decreased slightly as a percentage of income having increased during 2017. We continue to incur additional costs on a new processing service to maintain our loan stock records on a more secure and accurate basis coupled with availability of a wide range of management data. This system should be operational within the current financial year.

CBS's transition plan includes transferring all of its subsidiary companies' assets into CBS, thereby increasing the CBS balance sheet directly and reducing costs. The only remaining subsidiary housing the homeless is GP North West; hiving up its business will take some years because of the size of the company. We need to keep the company long term because it contains some taxable commercial activities. Tax payable can be eliminated by donating taxable profits to CBS.

Valuations

House valuations have remained stable or marginally improved during the year outside central London which tends to be prohibitively expensive. Increases in valuations do not improve our operational financial performance but positively improve the balance sheet. The national market will continue to be monitored and the portfolio value adjusted when required. All parts of the portfolio are subject to RICS valuations so that over a period of time, all properties are professionally valued.

Developments

The core purpose of Green Pastures will not change from providing homes mostly in partnership with churches to support people who would otherwise be homeless. One part of our goal is to create new energy-efficient housing stock. Since 2009, we have created 79 new homes which have had success in providing homes for both homeless people and the open market.

Whilst financial performance is not GP's primary purpose, it is integral to the social enterprise success by expanding the capital base to fund our growth as an asset-based charity.

Last year's report referred to our accepting an offer for outright sale of our site at Southport Road. The buyer defaulted and we are currently funding preliminary work for a joint venture with an experienced developer to develop the site on a profit sharing basis.

Independent Directors and Mentors

The executive board routinely meets 8 times during the year during which the NEDs are invited to attend twice. Once a year, CBS group executive directors have a strategic meeting. This combination is assisting the board to monitor, budget and adjust thereby becoming more efficient, enabling it to provide more homes and support.

Related Party Transactions

Andrew Cunningham, a director of and shareholder in CBS, is also director and 50% shareholder in Andrew Cunningham Building Design Ltd ("ACBD") which has had contractual relationships with borrowers of funds from CBS at various times as previously reported and referred to at Note 19, Related Parties. During the year, ACBD received no fees (2017: £12,058) from CBS.

Simon Hirst, who ceased to be a director of GPD on 3 October 2017, was also a director of Christian Property Group Ltd ("CPG") which received in 2015 a loan of £260,000 from CBS secured against property which attracts a 10% return. CPG shared the same values as CBS and intended to create surpluses to assist homeless people. CPG was dissolved on 27 February 2018 and Simon has confirmed that he has assumed the CPG loan personally. During 2017, Simon received fees from GPD of £6,250 but none during the year under review. As at 31 March, CPG owed £306,148 including accrued interest of £46,148.

Transactions during the year between CBS and Green Pastures North West Ltd. ("GPNW") are referred to in Note 19 to the accounts. Work, if any, carried out by ACBD for CBS including its subsidiaries or for GPNW are also referred to in Note 19 to the accounts.

STATEMENT OF DIRECTORS' RESPONSIBILITIES REPORT (CONTINUED)

FOR THE YEAR ENDED 31ST MARCH 2018

Conclusion

Green Pastures continues to be a faith-based social enterprise. The directors continue to create an environment that allows faith to operate. Good stewardship is also critical to GP's ability to fulfil its core purpose. We continue to strive to be good stewards. The team of founders, directors, independent directors, mentors, staff and volunteers remains steadfast to future challenges. There is a wealth of faith, ability and passion throughout Green Pastures that also encompasses partners, investors and givers. This team is well placed to meet the issues outlined and continue the journey of eradicating homelessness.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Directors' Report and financial statements in accordance with applicable law and regulations.

The Co-operative and Community Benefit Societies Act 2014 requires the directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the Directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. observe the principles and methods in the Charities SORP
- c. make judgements and accounting estimates that are reasonable and prudent;
- d. prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enables them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditor

So far as the Directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the Directors have taken all the necessary steps that they ought to have taken as Directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

The re-appointment of Mazars as our auditors will be put at the Annual General Meeting.

Approval

This report was approved by the Directors on 29 October 2018 and signed on their behalf by:



P Cunningham

Director

Independent auditor's report to the members of Green Pastures CBS Limited

Opinion

We have audited the financial statements of Green Pastures CBS Limited (the 'parent charity') and its subsidiaries (the 'group') for the year ended 31 March 2018 which comprise the Consolidated Statement of Financial Activities, the Consolidated Summary Income and Expenditure account, the Consolidated Statement of Recognised Gains and Losses, the Consolidated and parent charity Balance Sheets, the Consolidated Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and 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 parent charity's affairs as at 31 March 2018 and of the group's and the parent charity's surplus 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 Co-operative and Community Benefit Societies Act 2014.

Basis for opinion

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

Conclusions relating to going concern

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

- the Board's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Board has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent charity'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.

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

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

Responsibilities of the Board

As explained more fully in the Statement of the Board's responsibilities set out on page 6, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

GREEN PASTURES CBS LIMITED DIRECTORS' REPORT AND FINANCIAL STATEMENT 2018

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GREEN PASTURES CBS LIMITED (CONTINUED)

FOR THE YEAR ENDED 31ST MARCH 2018

Auditor's responsibilities for the audit of the financial statements

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

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

Use of the audit report

This report is made solely to the charity's members as a body in accordance with Part 7 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the charity'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 charity and the charity's members as a body for our audit work, for this report, or for the opinions we have formed.

Signed:



Mazars LLP

Chartered Accountants and Statutory Auditor

Times House, Throwley Way, Sutton SM1 4JQ

Date: 31 October 2018

GREEN PASTURES CBS LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 MARCH 2018

| | Notes | 2018 Unrestricted funds £ | 2017 Prior period total funds £ |
|---|-------|------------------------------------|--|
| Income and endowments from: | | | |
| Donations and Legacies | 2 | 41,683 | 62,289 |
| Charitable activities | 5 | 2,226,982 | 1,872,914 |
| Other trading activities | | 17 | 57,591 |
| Investments | 4 | 295,957 | 237,933 |
| Other | | 0 | 0 |
| Total | | <u>2,564,639</u> | <u>2,230,727</u> |
| Expenditure on: | | | |
| Raising funds | | 53,298 | 99,755 |
| Charitable activities | | 2,305,418 | 1,918,426 |
| Other | | 48,647 | 118,240 |
| Total | 7 | <u>2,407,363</u> | <u>2,136,421</u> |
| Operating Income | | 157,275 | 94,306 |
| Corporation tax charge (credit) | | 52,874 | (276) |
| Losses on sale of investments | | 38,543 | 6,841 |
| Net income | | 65,859 | 87,741 |
| Other recognized gains | | 43,366 | 43,366 |
| Gains on revaluation of fixed assets | | 523,799 | 91,704 |
| Other gains/(losses) arising on restructuring | | 0 | (15,058) |
| Net movement in funds | | 633,024 | 207,753 |
| Total funds brought forward at 1 April | | <u>2,261,633</u> | <u>2,053,880</u> |
| Total funds carried forward at 31 March | 18 | <u><u>2,894,657</u></u> | <u><u>2,261,633</u></u> |

The group has no restricted or endowment funds.

All amounts related to continuing activities.

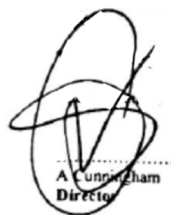
The Notes on pages 13 – 23 form part of these accounts.

AS AT 31 MARCH 2018

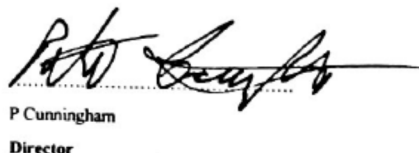
| | Note | 2018 £ | 2017 £ |
|--|------|---------------------|---------------------|
| Fixed assets | | | |
| Negative goodwill | | (303,566) | (346,932) |
| Equipment and vehicles | 10 | 23,640 | 9,134 |
| Land and buildings | 10 | <u>30,273,328</u> | <u>24,818,234</u> |
| | | 29,993,402 | 24,480,436 |
| Current Assets | | | |
| Debtors | 12 | 650,122 | 516,414 |
| Investments | 11.2 | 3,580,570 | 2,897,731 |
| Cash at bank and in hand | | <u>1,730,598</u> | <u>3,410,354</u> |
| | | 5,961,290 | 6,824,499 |
| Current Creditors | | | |
| Amounts due within one year | 13 | (9,135,101) | <u>(11,703,960)</u> |
| Net Current Assets | | <u>(3,173,811)</u> | <u>(4,879,461)</u> |
| Total assets less current liabilities | | 26,819,591 | 19,600,975 |
| Long term Creditors | | | |
| Amounts due after one year | 14 | <u>(23,924,934)</u> | <u>(17,339,342)</u> |
| Net Assets | | <u>2,894,657</u> | <u>2,261,633</u> |
| Income funds Unrestricted | | | |
| Share capital | 16 | 1,000 | 1,000 |
| Unrestricted income funds | 18 | 129,659 | 135,677 |
| Revaluation reserves | 18 | <u>2,763,998</u> | <u>2,124,956</u> |
| Total Funds | | <u>2,894,657</u> | <u>2,261,633</u> |

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime. The notes on pages 13 to 23 form part of these financial statements.

The accounts were approved by the Board on 29 October 2018



A Cunningham
Director



P Cunningham
Director



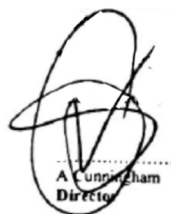
S Westmacott
Company Secretary

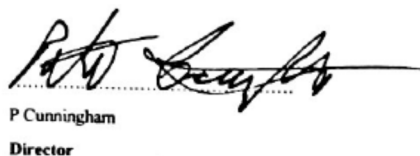
AS AT 31 MARCH 2018

| | Note | 2018 £ | 2017 £ |
|--|------|-------------------------|-------------------------|
| Fixed assets | | | |
| Equipment and vehicles | 10 | 22,862 | 8,097 |
| Land and buildings | 10 | 23,453,150 | 17,885,549 |
| Investments | 11.1 | <u>400,200</u> | <u>400,200</u> |
| | | 23,876,212 | 18,293,846 |
| Current Assets | | | |
| Debtors | 12 | 464,095 | 281,633 |
| Amounts owing by group undertakings | | 2,183,419 | 1,570,895 |
| Investments | 11.2 | 3,580,570 | 2,897,731 |
| Cash at bank and in hand | | <u>1,502,307</u> | <u>3,285,606</u> |
| | | 7,730,391 | 8,035,865 |
| Current Creditors | | | |
| Amounts due within one year | 13 | <u>(8,414,690)</u> | <u>(10,412,093)</u> |
| Net Current Liabilities | | <u>(684,299)</u> | <u>(2,376,228)</u> |
| Total Assets less Current Liabilities | | 23,191,913 | 15,917,618 |
| Long term Liabilities | | | |
| Amounts due after one year | 14 | <u>(20,516,575)</u> | <u>(13,741,207)</u> |
| Net Assets | | <u><u>2,675,338</u></u> | <u><u>2,176,411</u></u> |
| Income Funds Unrestricted | | | |
| Share Capital | 16 | 1,000 | 1,000 |
| Unrestricted income funds | 18 | 556,142 | 645,163 |
| Revaluation and other reserves | 18 | <u>2,118,196</u> | <u>1,530,248</u> |
| Total Funds | | <u><u>2,675,338</u></u> | <u><u>2,176,411</u></u> |

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime. The notes on pages 13 to 23 form part of these financial statements.

The accounts were approved by the Board on 29 October 2018


A Cunningham
Director


P Cunningham
Director


S Westmacott
Company Secretary

AS AT 31 MARCH 2018

| | 2018 | 2018 | 2017 | 2017 |
|--|---------------|--------------------|---------------|--------------------|
| | £ | £ | £ | £ |
| Cashflows from operating activities | | | | |
| Net incoming resources | 633,024 | | 207,753 | |
| Adjustments for: | | | | |
| Depreciation | 7,880 | | 3,045 | |
| Amortisation | (43,366) | | (43,366) | |
| Property development gain | - | | - | |
| Gain / loss on investments | (485,256) | | (76,646) | |
| Gain / loss on disposal of tangible fixed assets | 949 | | 144 | |
| Interest income | (295,737) | | (237,425) | |
| Interest expense | 1,163,239 | | 1,029,433 | |
| Trade and other receivables | (816,547) | | (1,682,069) | |
| Inventories | - | | - | |
| Trade and other payables | 158,376 | | (515,215) | |
| Cash flows generated from operations | | 322,562 | | (1,314,346) |
| Interest paid | | (1,163,239) | | (1,029,433) |
| Tax paid | | (34,492) | | (5,329) |
| Net cashflow from operating activities | | (875,169) | | (2,349,108) |
| Cashflows from investing activities | | | | |
| Purchase of property plant and equipment | (5,547,134) | | (3,063,581) | |
| Proceeds on disposal of property plant and equipment | 613,794 | | 94,778 | |
| Purchase of intangible fixed assets | - | | - | |
| Proceeds on intangible fixed assets | - | | - | |
| Purchase of investments | - | | - | |
| Proceeds on disposal of investments | - | | - | |
| Interest received | 295,737 | | 237,425 | |
| | | (4,637,603) | | (2,731,378) |
| Cashflows from financing | | | | |
| Capital repayments to banks and other lenders | ■ (3,513,919) | | ■ (1,626,223) | |
| Proceeds from new loans from banks and other lenders | 7,346,935 | | 7,639,708 | |
| | | 3,833,016 | | 6,013,486 |
| Net (decrease)/increase in cash | | (1,679,756) | | 933,000 |

1 Accounting Policies

1.1 Basis of preparation

The consolidated accounts have been prepared in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council and comply with the Statement of Recommendation Practice, "Accounting and Reporting by Charities", effective from March 2015. Green Pastures CBS Limited is a public benefit entity as defined in FRS 102 and applies the relevant paragraphs pre-fixed 'PBE' in FRS 102. As a charity, CBS is required to show Restricted, Unrestricted and Endowment Funds separately but all its funds are Unrestricted.

The accounts have been prepared under the historical cost convention modified to include the revaluation of certain fixed assets.

1.2 Basis of consolidation

The group accounts consolidate the accounts of Green Pastures CBS Limited and its subsidiaries. The results of the subsidiaries are consolidated from and up to the date of change of control. Where necessary, accounting policies of subsidiaries have been aligned with the policies adopted by the group. All intra-group transactions including any gains or losses, income or expenses are eliminated in full on consolidation.

The consideration for subsidiaries is measured at fair value, which is the aggregate of the fair values of the assets transferred, liabilities incurred or assumed and the equity instrument issued in exchange for control of the acquiree. The acquiree's identifiable assets and liabilities are recognised at their fair value at the acquisition date.

Where the assets and liabilities of subsidiaries have been hived up to the parent charity, the original cost of those subsidiaries is permanently written off.

Goodwill arising on acquisition is recognised as an asset and measured at cost, representing the excess of the aggregate of the consideration and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the fair values of the identifiable assets and liabilities at the date of acquisition. Negative goodwill of £433,664 has arisen on the acquisition of GPNW and is being transferred to profit and loss in 10 equal annual instalments which began in 2016.

CBS and its subsidiary undertakings comprise a small-sized group; individual accounts have been prepared for each company of the group and are available on application to the Company Secretary.

The parent and subsidiary companies, along with a description of their principal activity, are listed as follows (each listed company operated within the UK): -

Parent

Green Pastures CBS Limited – housing the homeless

Subsidiaries (each has 100% ownership by the parent company above)

Green Pastures North West Limited – housing the homeless

Green Pastures Developments Limited – property development

Adoni Developments Limited - dormant

1.3 Going Concern

On a consolidated basis, CBS generated an operating surplus ("Net income") of £65,859 compared with a surplus of £87,741 after tax for 2017. The group has a number of properties which are available for sale as well as several unencumbered properties. The directors do not expect any material rise in interest rates during the coming year. Based on the total of floating rate borrowings at 30 September 2018, a rise of a quarter of one percentage point would adversely affect GP by £23,882 p.a. Investor interest in CBS's loan stock issues remains strong and the directors do not envisage any going concern issues during the forthcoming year.

1.4 Income

Donations and gifts are recognised when received. Donated facilities are included at the value to CBS where this can be quantified and a third party is bearing the cost. No amounts are included in the accounts for services donated by volunteers.

Income from charitable activities represent rental income from the land and buildings and are generally recognised as the rental agreement progresses so that for ongoing agreements it reflects the partial performance of the contractual obligations. For such agreements the amount of incoming resource reflects the accrual of the right to consideration by reference to the value of rental due according to each rental agreement. Rents and other income due and not received nor billed to clients are included in debtors; payments on account in excess of the relevant amount due are included in creditors.

Where property is provided rent-free or at a discount, a RICS-assessed rental income is recognised offset by a charitable gift to the lessee as an expended resource.

Activities for generating funds represents the trade turnover from the trading subsidiary companies. This turnover represents amounts receivable for goods and services net of VAT and trade discounts.

Profit is recognised on long-term contracts and included in activities for generating funds, if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account turnover and related costs as contract activity progresses. This turnover is calculated as that proportion of the total contract value which costs to date bear to total expected costs for that contract. Amounts

GREEN PASTURES CBS LIMITED
NOTES TO THE CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2018

recoverable on long term contracts, which are included in debtors, are stated at the net sales value of the work done after provision for contingencies and anticipated future losses on contracts, less amounts received as progress payments on account. Any excess payments are included in creditors as payments on account.

Investment income represents interest income on bank balances held during the year along with interest chargeable on loans made to various individuals and organisations to offset the cost of maintaining liquid funds of around 10%.

1.5 Expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with use of the resources. So far there has been one activity, housing the homeless, except for property development carried out in a subsidiary company.

Fundraising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities. Support costs are those costs incurred directly in support of expenditure on the objects of CBS and include project management carried out at headquarters. Management and administration costs are those incurred in connection with CBS and compliance with the constitutional and statutory requirements.

Fundraising trading: costs of goods sold represents the cost of sales incurred by the trading subsidiaries.

1.6 Tangible fixed assets and depreciation

Tangible fixed assets, other than freehold land, costing more than £1,000 are capitalised and are stated at cost (including any incidental expenses of acquisition) or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows:

Freehold land is not depreciated

| | |
|--------------------|---|
| Freehold buildings | 0% on cost (on the basis that routine valuations resulting in impairment are charged against revaluation reserves.) |
|--------------------|---|

| | |
|--------------------------------|----------------------------|
| Fixtures, fittings & equipment | 25% reducing balance basis |
|--------------------------------|----------------------------|

| | |
|----------------|----------------------------|
| Motor vehicles | 25% reducing balance basis |
|----------------|----------------------------|

Land and buildings are stated at market value at the balance sheet date. The SOFA includes the net gains and losses arising on revaluations and disposals throughout the year.

Land held for development represents the cost of land acquired plus subsequent expenditure e.g. on planning applications which the Directors intend to develop within a subsidiary trading company within the foreseeable future or to sell on to third parties.

1.7 Investments

Current investments are stated at market value at the balance sheet date. The SOFA includes the net gains and losses arising on revaluations and disposals throughout the year.

1.8 Properties

The group buys properties to house homeless people; these are considered to be assets held to further the charitable purpose. These range from single one-bedroom flats to apartment blocks and may arise as existing buildings or from development. All acquisition costs including upgrades to meet current regulations are capitalised. No depreciation is provided on land or buildings but their values are continuously monitored with a rolling programme of RICS valuations covering all properties at intervals of not more than 5 years. In addition, movements in property values by region and type are collected from several sources and aggregated. The resultant movement is then applied across the portfolio to properties which have not had a RICS valuation during the year. The cost of internal equipment with a finite life such as alarms is expensed as incurred.

1.9 Funds

Unrestricted fund are funds which are available for use at the discretion of the Directors in furtherance of the general objectives of CBS for particular purposes. The group has no restricted or endowment funds nor are any of its unrestricted funds designated. The cost of raising and administering its funds is therefore not charged against any specific fund.

2 Donations and gifts received

| | Consolidated | | Charity | |
|---------------------|--------------|-----------|-----------|-----------|
| | 2018 £ | 2017 £ | 2018 £ | 2017 £ |
| Donations and gifts | 41,683 | 62,289 | 27,135 | 115,711 |

GREEN PASTURES CBS LIMITED
NOTES TO THE CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2018

3 Activities for generating income

This activity represents the turnover of GPD and other miscellaneous income such as fees and sale of electricity cards.

4 Investment income

| | Consolidated | | Charity | |
|---------------------|---------------------|-------------|----------------|-------------|
| | 2018 | 2017 | 2018 | 2017 |
| | £ | £ | £ | £ |
| Interest receivable | 295,957 | 237,933 | 295,927 | 269,579 |

5 Incoming resources from charitable activities

| | Consolidated | | Charity | |
|----------------------|---------------------|-------------|----------------|-------------|
| | 2018 | 2017 | 2018 | 2017 |
| | £ | £ | £ | £ |
| Housing the homeless | 2,226,982 | 1,872,914 | 1,698,405 | 1,378,303 |

6 Support Costs

An analysis of support costs is set out below.

| 2018 | Charitable | Development | Total |
|---|-------------------|--------------------|--------------|
| | £ | £ | £ |
| Governance | 25,946 | - | 25,946 |
| Management and administration | 57,287 | - | 57,287 |
| Finance and legal | 127,288 | - | 127,288 |
| Business development including lessee liaison | 161,537 | - | 161,537 |
| Total | 372,058 | - | 372,058 |
| 2017 | | | |
| Governance | 38,968 | 14,742 | 53,710 |
| Management and administration | 58,400 | 7,750 | 66,150 |
| Finance and legal | 96,067 | 12,808 | 108,875 |
| Business development including lessee liaison | 139,202 | - | 139,202 |
| Total | 332,637 | 35,300 | 367,937 |

Governance costs include audit fees of £25,946 (2017: £23,724).

In addition to the Support Costs shown above, the group incurred other costs as set out below including donations to the PCC of St Mark's Church, Marks Gate.

GREEN PASTURES CBS LIMITED
NOTES TO THE CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2018

7 Other Costs

| | 2018 | 2017 |
|-----------------------------------|-------------------------|-------------------------|
| Other Salaries | 129,671 | 122,300 |
| Rent and Rates | 110,567 | 92,153 |
| Travel & Subsistence | 16,539 | 42,205 |
| Office Expenses | 15,608 | 11,010 |
| Telecoms and I.T. | 8,729 | 8,900 |
| Professional Fees | 41,722 | 52,471 |
| Bank charges | 12,092 | 4,291 |
| Bad debts | 151,720 | 73,308 |
| Insurance | 8,397 | 9,050 |
| Donations | 16,808 | 61,080 |
| Construction and Associated costs | - | 24,154 |
| Property Maintenance | 243,111 | 167,566 |
| Utilities, taxes, insurance | 100,624 | 68,546 |
| Other costs | 1,066 | 2,017 |
| Loan interest paid | <u>1,178,650</u> | <u>1,029,433</u> |
| | 2,035,305 | 1,768,484 |
| Support costs above | <u>372,058</u> | <u>367,937</u> |
| Total Expenditure per Notes | <u><u>2,407,363</u></u> | <u><u>2,136,421</u></u> |

8 Directors

None of the Directors (or any persons connected with them) received any remuneration during the year except as otherwise shown below. Directors' travel and other expenses reimbursed were a total of £20,350 (2017: reimbursed £13,927).

Employees

Number of paid employees

The average monthly number of paid employees during the year was:

| | 2018 | 2017 |
|-----------|---------------|---------------|
| | Number | Number |
| Directors | 4 | 3 |
| Staff | 18 | 22 |
| | <u>22</u> | <u>25</u> |

During the year A Cunningham received a gross salary of £19,000 (2017: £19,000) for his work within CBS but not as his role as a charity trustee. His wife also received a gross salary of £25,000 (2017: £25,000) for her work within CBS. During the year R Paget-Wilkes received a gross salary of £30,000 (2017: £30,000) for his work within CBS but not as his role as charity trustee. During the year, S. Westmacott received a gross salary of £5,250 (2017: £5,000) for work within CBS but not as a charity trustee and consultancy fees of £35,695 (2017:£39,103) and Pastor Peter Cunningham received a gross salary of £12,000 for his work promoting the charity but not as a trustee.

Directors and Key Management

Key management personnel comprise:

Andrew Cunningham, part time director, is one of the founders and leads on all major decisions, particularly those relating to policy and property acquisitions. He also runs his own architectural services practice through Andrew Cunningham Building Design Ltd.

Directors and Key Management (continued)

Pastor Peter Cunningham, director, one of the founders who in addition to being a pastor at Shoreline Community Church, is actively engaged in building contacts and relationships with other Christian organisations and politicians.

Vicki Woodley, one of the founders, is currently responsible for maintaining records of loan stock investors. She also maintains relationships with investors, handling enquiries from existing and potential investors and is in the process of handing over to Louise Marcus.

Rory Paget-Wilkes, part time director, works with the Partner Liaison team responsible for finding and engaging new 'partners', i.e. lessees of GP properties which support and mentor tenants. The team also works to interest new investors in GP's loan stock.

Simon Westmacott, part time director, is a Chartered Accountant responsible for financial and legal matters. He oversees the Accounts Department as well as being involved in strategic financial decisions, relationships with auditors, legal matters and third party agreements.

Five non-executive directors are invited to board meetings every six months. They are also invited to decide on any matters where there is a potential conflict of interest with executive board members and on any major decisions.

Other key staff

Barry Moore is Accounts Manager, an accomplished Sage operator and responsible for maintaining accounting records.

Louise Marcus, Accounts Assistant, is taking over loan stock administration and involved in the transition to using a new software service to handle loan stock records in addition to assisting with accounting.

9 Taxation

As an exempt charity, Green Pastures CBS Limited is exempt from tax on income and gains falling within section 505 of that Taxes Act 1988 or section 256 of the Taxation and Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects under HMRC reference XT27103. CBS has a trading subsidiary which is chargeable to tax to the extent that it has not gifted its taxable profits to CBS. A corporation tax provision of £20,614 has been made in respect of trading profits in GPNW which cannot be relieved against losses brought forward.. These losses must be cleared before GPNW can dividend profits to CBS.

10 Consolidated Tangible Fixed Assets

| | Fixtures, fittings and equipment £ | Motor Vehicles £ | Land and buildings £ | Land held for developing £ | Total £ |
|---|--|------------------------|----------------------------|----------------------------------|-------------------|
| Cost or valuation | | | | | |
| At 1 April 2017 | 19,031 | 9,560 | 24,128,234 | 690,000 | 24,846,825 |
| Additions | 20,835 | 2,500 | 5,498,414 | 25,385 | 5,547,134 |
| Disposals | - | (4,000) | (593,421) | (55,865) | (653,286) |
| Revaluations | - | - | 640,101 | (59,520) | 580,581 |
| At 31 March 2018 | <u>39,866</u> | <u>8,060</u> | <u>29,673,328</u> | <u>600,000</u> | <u>30,321,254</u> |
| Depreciation | | | | | |
| At 1 April 2017 | 13,833 | 5,624 | - | - | 19,457 |
| Charge for the period | 6,508 | 1,372 | - | - | 7,880 |
| On disposals | - | (3,051) | - | - | (3,051) |
| At 31 March 2018 | <u>20,341</u> | <u>3,945</u> | <u>-</u> | <u>-</u> | <u>24,286</u> |
| Net book value | | | | | |
| At 1 April 2017 | <u>5,198</u> | <u>3,936</u> | <u>24,128,234</u> | <u>690,000</u> | <u>24,827,368</u> |
| At 31 March 2018 | <u>19,525</u> | <u>4,115</u> | <u>29,673,328</u> | <u>600,000</u> | <u>30,296,968</u> |
| Comparable historical cost for the land and buildings included at valuation: | | | | | |
| Cost | | | 27,427,113 | 740,396 | 28,167,509 |
| Accumulated Depreciation | | | - | - | - |
| At 31 March 2018 | | | <u>27,427,113</u> | <u>740,396</u> | <u>28,167,509</u> |
| Property Revaluations Reserves | | | <u>2,246,215</u> | <u>(140,396)</u> | <u>2,105,819</u> |

GREEN PASTURES CBS LIMITED
NOTES TO THE CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2018

Note 10 (continued) Charity Tangible Fixed Assets

| | Fixtures, fittings and equipment | Motor Vehicles | Land and buildings | Land held for developing | Total |
|---|---|---------------------------|-------------------------------|-------------------------------------|-------------------|
| | £ | £ | £ | £ | £ |
| Cost or valuation | | | | | |
| At 1 April 2017 | 12,675 | 9,560 | 17,195,549 | 690,000 | 17,907,784 |
| Additions | 20,835 | 2,500 | 5,485,421 | 25,385 | 5,534,141 |
| Disposals | - | (4,000) | (467,921) | (55,865) | (527,786) |
| Revaluations | - | - | 640,101 | (59,520) | 580,581 |
| At 31 March 2018 | <u>33,510</u> | <u>8,060</u> | <u>22,853,150</u> | <u>600,000</u> | <u>23,494,720</u> |
| Depreciation | | | | | |
| At 1 April 2017 | 8,514 | 5,624 | - | - | 14,138 |
| Charge for the period | 6,249 | 1,372 | - | - | 7,621 |
| | - | (3,051) | - | - | (3,051) |
| At 31 March 2018 | <u>14,763</u> | <u>3,945</u> | <u>-</u> | <u>-</u> | <u>18,708</u> |
| Net book value | | | | | |
| At 1 April 2017 | <u>4,161</u> | <u>3,936</u> | <u>17,195,549</u> | <u>690,000</u> | <u>17,893,646</u> |
| At 31 March 2018 | <u>18,747</u> | <u>4,115</u> | <u>22,853,150</u> | <u>600,000</u> | <u>23,476,012</u> |
| Comparable historical cost for the land and buildings included at valuation: | | | | | |
| Cost | | | 21,598,470 | 740,396 | 22,338,866 |
| Accumulated Depreciation | | | - | - | - |
| At 31 March 2018 | | | <u>21,598,470</u> | <u>740,396</u> | <u>22,338,866</u> |
| Property Revaluations Reserves | | | <u>1,254,680</u> | <u>(140,396)</u> | <u>1,114,284</u> |

Of the total value of land and buildings at the year end, £16.4m (68%) were valued as at 31 March 2018 or earlier by independent firms of RICS qualified chartered surveyors on an open market basis, £7.7m (32%) were valued at cost during the year if not also valued by RICS firms. No depreciation is provided in respect of this land or buildings.

Land and buildings includes property at a cost of £351,368 on which the tenant has a call option for 10 years from 3 February 2017 which requires that it be shown as a finance lease; it is hereby disclosed as such.

Note 11 Investments

11.1 Holdings of more than 20%

The company held at the balance sheet date more than 20% of the share capital of the following companies at an aggregate cost of £400,200:

| Subsidiary undertakings | Class | Shares held (%) |
|-------------------------------------|--------------|------------------------|
| Adoni Developments Ltd. | Ordinary | 100 |
| Green Pastures Developments Limited | Ordinary | 100 |
| Green Pastures North West Limited | Ordinary | 100 |

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

| Subsidiary undertakings | Principal activities | Capital and reserves | Profit/(loss) for the year |
|-------------------------------------|-----------------------------|-----------------------------|-----------------------------------|
| | | £ | £ |
| Adoni Developments Ltd | Dormant | (0) | (33) |
| Green Pastures Developments Limited | Property development | (3,240) | (3,240) |
| Green Pastures North West Limited | Housing the Homeless | | |
| | | 926,325 | 118,218 |

Note 11 Investments (continued)

11.2 Current Asset Investments

Current Asset Investments comprised short term secured loans to third parties, usually at 10% interest. Exceptions include an unsecured loan interest-free of £4,000 to a former project manager and £60,000 unsecured to Lighthouse Homes of Rotherham for renovations to properties leased by CBS. Lighthouse Homes rents 60 bed spaces from CBS and a large part of the loan is likely to be transferred to CBS's property acquisition cost.

12 Debtors

| | Consolidated | | Charity | |
|------------------------------------|----------------|----------------|------------------|------------------|
| | 2018 | 2017 | 2018 | 2017 |
| | £ | £ | £ | £ |
| Amounts recoverable on contracts | 139,468 | 141,750 | | - |
| Trade debtors | 276,194 | 198,168 | 269,743 | 166,926 |
| Amounts owed by group undertakings | | - | 2,183,419 | 1,570,895 |
| Other debtors | 188,781 | 150,292 | 172,981 | 97,303 |
| Prepayments and accrued income | <u>45,679</u> | <u>26,204</u> | <u>21,371</u> | <u>17,404</u> |
| | <u>650,122</u> | <u>516,414</u> | <u>2,647,514</u> | <u>1,852,528</u> |

13 Creditors: amounts falling due within one year

| | Consolidated | | Charity | |
|-------------------------------------|------------------|-------------------|------------------|-------------------|
| | 2018 | 2017 | 2018 | 2017 |
| | £ | £ | £ | £ |
| Bank loans | 247,223 | 162,397 | 129,213 | 79,567 |
| Other loans | 7,804,739 | 10,642,141 | 7,342,039 | 9,554,441 |
| Trade creditors | 94,027 | 53,957 | 70,064 | 22,084 |
| Amounts owing to group undertakings | - | - | - | - |
| Other creditors | 20,645 | 2,459 | 14,923 | 2,459 |
| Accruals | 923,909 | 833,571 | 849,987 | 745,149 |
| Taxes and social security costs | <u>44,558</u> | <u>9,435</u> | <u>8,463</u> | <u>8,392</u> |
| | <u>9,135,101</u> | <u>11,703,960</u> | <u>8,414,689</u> | <u>10,412,092</u> |

Unsecured loan stock is repayable within a range of years depending upon each individual loan term. Interest payable on loan stock varies between nil and 5% per annum.

The bank loans are secured by a fixed charge on the building(s) to which they relate. Interest is payable at rates varying from 2.25% to 5.27%; approximately £1.5m is at fixed rates, the remainder at floating rates.

14 Creditors: amounts falling due after one year

| | Consolidated | | Charity | |
|-----------------|-------------------|-------------------|-------------------|-------------------|
| | 2018 | 2017 | 2018 | 2017 |
| | £ | £ | £ | £ |
| Bank loans | 8,898,866 | 6,277,032 | 5,490,507 | 2,678,897 |
| Other creditors | 15,026,068 | 11,062,310 | 15,026,068 | 11,062,310 |
| Deferred tax | - | - | - | - |
| | <u>23,924,934</u> | <u>17,339,342</u> | <u>20,516,575</u> | <u>13,741,207</u> |

| | Consolidated | | Charity | |
|---------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | 2018 | 2017 | 2018 | 2017 |
| | £ | £ | £ | £ |
| Analysis of loans | | | | |
| Total loans | 31,976,895 | 28,143,880 | 27,987,827 | 23,375,215 |
| Included in current liabilities | (8,051,962) | (10,804,538) | (7,471,252) | (9,634,008) |
| | <u>23,924,933</u> | <u>17,339,342</u> | <u>20,516,575</u> | <u>13,741,207</u> |
| Loan maturity analysis | | | | |
| | 2018 | 2017 | 2018 | 2017 |
| | £ | £ | £ | £ |
| Debt due in one year or less | 8,051,962 | 10,804,538 | 7,471,252 | 9,634,008 |
| Two to five years | 9,566,015 | 10,295,821 | 9,276,831 | 9,964,500 |
| More than five years | 14,358,918 | 7,043,521 | 11,239,744 | 3,776,707 |
| | <u>31,976,895</u> | <u>28,143,880</u> | <u>27,987,827</u> | <u>23,375,215</u> |

The bank loans are secured by a fixed charge on the building(s) to which they relate. Interest is payable at rates varying from 2.25% to 5.27%; approximately £1.5m is at fixed rates, the remainder at floating rates..

15 Financial instruments

CBS enters into only basic financial instrument transactions that result in the recognition of financial assets and liabilities such as trade and other accounts receivable and payable, loans from banks and other third parties and loans to related and other third parties. CBS has no equity investments other than in wholly-owned subsidiaries.

The following paragraphs of this Note relate to policy in relation to the impact of non-market interest rates on transactions more than one year into the future. The group presently has no assets or liabilities to which such policy would apply. All of the group's current and expected borrowings are currently at market rates and are measured at the undiscounted amount of cash payable and so constitute financial liabilities measured at fair value through profit or loss. The group has no long term financial receivables other than a finance lease at market rates.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. If the arrangements for a short term instrument constitute a financing transaction, such as the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an outright short-term loan not at market rate, the financial liability or asset is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the income statement.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and the best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an 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.

GREEN PASTURES CBS LIMITED
NOTES TO THE CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2018

16 Share Capital

Ordinary Shares of £1 each

| | Consolidated | | Charity | |
|-----------------------------|---------------------|---------------------|---------------------|---------------------|
| | 2018 | 2017 | 2018 | 2017 |
| | £ | £ | £ | £ |
| Issued share capital | <u>1,000</u> | <u>1,000</u> | <u>1,000</u> | <u>1,000</u> |

Under CBS's Rules, shares are cancelled on the withdrawal of a Director, but the amount paid in respect thereof is retained by CBS. The shares provide the Directors with the right to vote at general meetings, but do not provide any rights to dividends or distributions on winding up.

17 Capital Commitments

At 31 March 2018, the company had no capital commitments other than property purchases in the ordinary course of business (2017: nil). It had however made offers of loans to Lighthouse Homes, Rotherham of £40,000 and a development loan to the International Bible Training Institute, Sussex, of £1.9m.

18 Unrestricted Funds

| | 2017 | Incoming Resources | Resources Expended | Other Movements | Tax Charge | 2018 |
|---------------------|-------------------------|---------------------------|---------------------------|------------------------|------------------------|-------------------------|
| | £ | £ | £ | | £ | £ |
| Group | | | | | | |
| General Reserve | 135,678 | 2,599,393 | (2,442,117) | 4,823 | (52,874) | 244,903 |
| Revaluation Reserve | 2,124,955 | - | - | 523,799 | - | 2,648,754 |
| Share Capital | <u>1,000</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,000</u> |
| Total | <u>2,261,633</u> | <u>2,599,393</u> | <u>(2,442,117)</u> | <u>528,622</u> | <u>(52,874)</u> | <u>2,894,657</u> |
| Charity | | | | | | |
| General Reserve | 645,163 | 2,113,271 | (2,116,185) | (14,228) | - | 628,020 |
| Revaluation Reserve | 1,530,248 | - | - | 516,070 | - | 2,046,318 |
| Share Capital | <u>1,000</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,000</u> |
| Total | <u>2,176,411</u> | <u>2,113,271</u> | <u>(2,116,185)</u> | <u>501,841</u> | <u>-</u> | <u>2,675,338</u> |

19 Related Parties

Loans

All of the loans referred to below are secured on property at a maximum loan to value ratio of 60% and carry interest at 10% unless otherwise stated.

From time to time, CBS has made advances to individuals or their companies who are, or have been, or have become clients of Andrew Cunningham Building Design Ltd. ("ACBD") and/or have sold properties to CBS. Such loans have a maximum call of 6 months and constitute attractive short term investments for CBS as part of its liquidity management. During the year, CBS received net repayments of £127,000 (2017: net advances of £ £33,343) leaving the balance due including accrued interest at the year-end of £424,006 (2017: £549,066). Details are set out in the following paragraphs.

One such borrower, referred to as Borrower A under GDPR, received an advance in November 2013 of £285,000. During FY 2017, it transpired that the borrower had sold the security for the loan without repaying it, which should not have been possible. The Directors are of the opinion that security cover remains adequate. During the year, Borrower A paid the interest charge of £30,528 and some capital repayments. The balance of his loan including interest and recovery costs at the balance sheet date was £277,600 (2017: £356,247).

During the year, CBS advanced £50,000 to Borrower B including his related companies and they repaid £nil. At the balance sheet date, they owed £100,337 including accrued interest (2017:£50,127) to CBS.

During the year, CBS advanced £nil (2017:£100,000) to Borrower C or his immediate family who repaid £40,000 as well as £54,426 to clear a previous loan. At the balance sheet date, they owed £44,394 (2017:£143,395) to CBS.

During the year CBS made loan advances of £nil (2017: £nil) to Christian Property Group Ltd. ("CPG") Mr. Simon Hirst was a director of both CPG and GPD until 3rd October 2017. CPG was dissolved on 28 February 2018 and Mr. Hirst has confirmed that he has assumed liability for repayment of the loan which is secured on his home. During the year, CPG or Mr. Hirst paid interest of

£13,800 against interest charged of £29,413. and owed £306,148 (2017:£290,535) at the balance sheet date. This figure includes a principal amount of £260,000 and £46,148 of accumulated interest. It was agreed with CPG during 2015 that the interest at 10% would be rolled up into the principal amount and repayment would begin when Mr. Hirst became employed which has since occurred. There is a six month call for repayment on all funds.

On 1 April 2017, GPNW, a wholly-owned subsidiary, owed to CBS £268,935 (2016:£109,871) . During the year numerous charges and payments occurred between the companies including a wages recharge by CBS of £27,195 (2017:£34,087) and assumption by CBS of GPNW's external private borrowings amounting to £632,195 resulting in £902,994 (2017:£268,935) being due to CBS at the year end. GPNW also had a property loan from CBS of £1,123,304 as at 1 April 2017 on which NW paid interest of £34,739. At the year end, the balance was £1,145,715 including accrued interest of £22,570 (2017:£32,147).

During the year CBS incurred various items of expenditure on behalf of GPP, a partnership controlled by the directors of CBS. CBS also charged the partnership £29,602 (2017: £29,015) in relation to wages and administration costs. The balance owed by the partnership at the balance sheet date was £21,815 (2017: £55,835.19).

During the year, there were numerous transactions between CBS and GPD, a wholly owned subsidiary of CBS, including payments on its behalf. The balance owed by GPD at the balance sheet date was £134,710 (2017: £178,556) , equivalent to its net asset value. GPD has concluded its development of Marks Gate and will be wound down as outstanding matters are settled.

Property Transfers

During the year, CBS acquired three properties from GPP (referred to on page 2) for an aggregate consideration of £470,000. The purchases were all for cash at RICS valuations.