

HARRISON HOUSING
(A Company Limited by Guarantee)
TRUSTEES REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2020

Registered Charity Number 1101143
Registered Company Number 04932686 (England and Wales)

**HARRISON HOUSING
CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2020**

	Pages
Reference and Administrative Details of the Charity, its Trustees and Advisers	1
Trustees' Report	2
Trustees' Responsibilities Statement	9
Independent Auditors' Report on the Financial Statements	11
Statement of Financial Activities	15
Balance Sheet	16
Statement of Cash Flows	17
Notes to the Financial Statements	18

**HARRISON HOUSING
REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 DECEMBER 2020**

Trustees	<p>Mr M Collins, Chairman Mr H Knowles ACA, Treasurer Air Marshal I C Morrison CBE, Vice Chairman Mrs M R Gunther Ms S Barber Mr P Lautman Ms S Hockett Mr R Hicks ACA Mr K Farnon Mr N King</p>
Company registered number	04932686
Charity registered number	1101143
Registered office	<p>46 St James's Gardens London W11 4RQ</p>
Patron	The Right Hon Lord Scott of Foscote
Secretary	M Coleman FCA
Independent Auditors	<p>Moore Kingston Smith Devonshire House 60 Goswell Road London EC1M 7AD</p>
Bankers	<p>The Royal Bank of Scotland 1 Redheughs Avenue Edinburgh EH12 9JN</p>
Solicitors	<p>Devonshire Solicitors LLP 30 Finsbury Circus London EC2M 7DT</p>
Investment Mangers	<p>Investec Wealth & Investment 2 Gresham Street London EC2V 7QP</p> <p>M&G Investment Chelmsford CM99 2XF</p> <p>Brown Shipley Founders Court Lothbury London EC2R 7HE</p> <p>CCLA Senator House 85 Queen Victoria Street London EC4V 4ET</p>
Home and Communities Agency	No. A4410

HARRISON HOUSING

(A company limited by guarantee)

TRUSTEES' REPORT FOR THE YEAR ENDED 31 December 2020

The directors of the company (who are also the Trustees of the Charity under Charity Law) present their report and the audited financial statements for the year ended 31 December 2020. The report is prepared in line with the Charities Act 2011 and Charity SORP (FRS 102).

Company status

The Harrison Homes was an almshouse Charity established in 1869 and Harrison Housing was incorporated to take over its activities; the transfer took place on 1 April 2004.

Harrison Housing is a charitable company limited by guarantee, incorporated under the Companies Act 2006 on 15 October 2003 and registered as a Charity on 10 December 2003. The company was established under a Memorandum of Association which sets out the objects and powers of the charitable company and is governed under its Articles of Association. The original Articles of Association were amended by special resolution passed on 22 February 2010. In the event of the company being wound up, each member is required to contribute an amount not exceeding £10.

Organisational structure

The directors of the company are also Charity Trustees for the purposes of Charity law and under the company's Articles are known as the Board who must comprise of not less than 6 and not more than 12 Trustees. The members of the Board are unpaid and have a variety of professional backgrounds relevant to the work of the Charity. The full Board meet at least 4 times per year and there are also two sub-committees: Property, and Finance, Risk & Audit, which meet on a quarterly basis. Both sub-committees report to the main Board.

OPERATING AND FINANCIAL REVIEW

Objectives and Activities

The objective of Harrison Housing is the relief of financial hardship suffered by older people and it does this primarily by the provision of housing and associated amenities. Harrison Housing also has a number of linked charities with similar objectives and who also provide almshouses. The precise criteria for the provision of accommodation by Harrison Housing and its linked charities varies slightly according to the underlying Trust Deed requirements.

The Trustees have given due consideration to the Charity Commission's Public Benefit guidance when applying these objectives to decisions made about the Charity, its linked charities and how it operates.

Day-to-day activities include:

- Maintaining almshouse flats;
- Maintaining almshouse gardens; and
- Providing practical support to our residents through our Scheme Managers

Applications for accommodation are received from older people most of whom live within the geographic areas where the Charity owns accommodation and they come from diverse backgrounds. The Charity does not discriminate when reviewing applications but it does ensure that applicants meet the criteria of the Charity offering accommodation and that they are in financial hardship at the point of application.

HARRISON HOUSING

(A company limited by guarantee)

TRUSTEES' REPORT FOR THE YEAR ENDED 31 December 2020

The Charity and its linked Charities own properties in St James's Gardens and Minford Gardens in West London; Shakespeare Road, Stanley Close and Royal Circus in South London; Crawford Place in Marylebone and Rousden Street in North London. Properties are divided into self-contained flats to provide sheltered accommodation and independent living. Larger sites have a Scheme Manager to provide support during the working day. Some residents also benefit from fortnightly visits by volunteer Visitors, one of whom is also a Trustee.

There is cyclical programme of maintenance for all properties in addition to planned annual maintenance to ensure that the buildings are kept in good repair.

Achievements and Performance

Housing

During the year Harrison Housing provided accommodation to residents in 7 locations in London, the company had a housing stock of 111 units at December 2020 which was unchanged from the position at the end of last year.

The accommodation we offer is popular with occupancy rates usually over 98% although the rate for 2020 fell slightly short at 97.38%. However, operations in 2020 were affected by government advice in relation to COVID-19 which did affect how the Charity operated in different ways according to the advice at the time. Vacant units are usually filled either through contact with the local Councils in the Boroughs where Harrison Housing operates or from direct applications. Many residents receive support from local Councils in the form of Housing Benefit as they would otherwise struggle to find suitable and affordable accommodation.

Routine repairs are made on a timely basis and kitchens and bathrooms are upgraded as the properties become vacant to ensure compliance with Decent Homes Standards.

During the year we strengthened our operations around health and safety by engaging a Health and Safety consultant. This has resulted in a change in the way we carry out compliance and other regulated work. Checks were undertaken in all housing schemes during the year on fire safety, gas, electrical systems and water hygiene.

Management services

The company has acted for several years as managing agent to other almshouse charities in the London area. At the end of 2020 we managed the same almshouses as we had during 2019 and they were Waltham Abbey Non-Educational Parochial Charities (11 units), West Hackney Almshouse Charity (9 units) and The Leathersellers' Barnet Charity (22 units). The company also provides management services to Butchers & Drovers Charitable Institution (10 units in Hounslow) and St Giles-in-the-Fields Almshouses (8 units in Covent Garden)

Voluntary services

It is recognised that all Trustees are volunteers and give their time freely, without which the Charity could not operate. One of the Trustees of Harrison Housing is also part of a group of 6 people, known as the Visitors, who provide a confidential befriending service to Harrison Housing residents.

HARRISON HOUSING

(A company limited by guarantee)

TRUSTEES' REPORT FOR THE YEAR ENDED 31 December 2020

Value for money

The Charity strives continually to deliver better services for less cost, time or effort. This is achieved by reviewing costs and considering alternatives when contracts come up for renewal, monitoring performance against budgets and benchmarking against similar organisations. Particular attention has been devoted in recent years to implementing good practice and ensuring compliance with regulations relating to provision of almshouse accommodation, upgrading facilities, reducing voids and training of staff. The results have been supported by satisfaction surveys carried out among residents.

The Regulator of Social Housing issued its Value for Money Standard which came into force from April 2018. It requires all Housing Associations to follow a standard set of calculations using the regulator's own metrics definitions to provide consistency across the sector.

		2020	2019
Metric 1	Reinvestment	0.56%	0.97%
Metric 2	New supply delivered	0.0%	0.0%
Metric 3	Gearing	0.00%	0.00%
Metric 4	EBITDA MRI (EBITDA Major Repairs Included) Interest cover %	0.0%	0.0%
Metric 5	Headline Social Housing costs per unit	£5,503	£6,649
Metric 6a	Operating Margin (Social lettings)	22.00%	5.17%
Metric 6b	Operating Margin (Overall)	5.08%	4.47%
Metric 7	ROCE %	0.48%	0.09%

The above metrics do not readily compare to the sector median for smaller Registered Providers due to the following:

1. As a Charity Harrison Housing enjoys a significant level of income from its Investments which produced £133,973 in 2020 (£177,079 in 2019). This income also underwrites part of our operating costs although our goal is to get to a position where our housing operations generate a sustainable surplus independent of investment income; and
2. Harrison Housing provides management services to other almshouses which reflect in staff costs thereby inflating total operating costs. The number of units managed for other almshouses in 2020 was 60 (2019: 60) compared to our own housing stock of 111 (2019: 111) and direct staff costs of £387,073 (2019: £402,656). The almshouses we act for are separate legal entities and pay their own operating costs thus using the definitions provided to calculate the metrics does cause a distortion in the context of our reported metrics.

The decrease in Headline Social Housing Costs per unit and the increase in Operating Margin are both primarily attributable to the low level of expenditure on cyclical maintenance during 2020. This situation is expected to reverse during 2021.

The Charity has identified ways in which its existing estate may be capable of being developed to provide additional accommodation but such projects will require planning permission and currently it has no live projects in development. But the Trustees believe the Charity is well placed to exploit future opportunities as it has no debt.

HARRISON HOUSING

(A company limited by guarantee)

TRUSTEES' REPORT FOR THE YEAR ENDED 31 December 2020

Fundraising

The Charity does not undertake fund raising activities during its normal course of operations.

Financial Review

Income and expenditure

Weekly maintenance contributions including service charges net of voids amounted to £1,076,153 for the year under review (2019: £1,043,698). Weekly maintenance contributions were increased for all properties by 2.7% (2019: 3.4%) but the increase was applied from different dates during the year as properties owned by the Charity do not all share a common review date. The increases at St James's Gardens and Minford Gardens were delayed until June 2020 (historically the review date was 1 April each year) as the Trustees decided to establish a Support programme for residents in particularly difficult financial distress as costs ineligible for Housing Benefit had increased by more than inflation due to certain costs being re-categorised. Service Charge income which is based on estimated costs payable by residents is not the subject of a standard increase and some charge can go down as well as up but total service charges are planned to be neutral in terms of each Service Charge year although such periods are not coterminous with the Charity's financial year end.

Void costs have risen slightly to 1.6% which is within our budget tolerance of 2% but is an increase on last year's rate of 1.2% which itself was 0.4% higher than in 2017.

Management of other schemes generated income of £107,176 (2019: £94,673) reflecting higher rates as the result of price increases in April matching agreed increases in WMC charges plus a full year contribution from one almshouse where a change in charging was agreed during 2019.

Expenditure on raising funds which are the costs of the charities Investment Managers was £35,112 (2019: £30,510) representing 2.5% of gross investment income (2019: 1.7%).

Expenditure on charitable activities was £1,245,009 (2019: £1,384,206) representing 103% of income from charitable activities (2019: 119%). Included in expenditure on charitable activities are routine and cyclical repairs and maintenance of £223,776 (2019: £335,339) which represents 20% of gross rental income (2019: 32%). Cyclical repairs which by their nature are irregular in pattern represent £10,120 (2019: £155,915) of total expenditure on repairs and maintenance, the decrease is the result of the 2 major projects planned for 2020 being postponed until 2021.

The Charity's cash balances and investments generated income of £139,973 (2019: £177,079). The Charity ended the year with realised and unrealised net gains on investments of £18,899 which whilst significantly lower than the gains of £607,748 achieved in 2019 was better than originally feared when losses in the first quarter of 2020 caused by the COVID-19 pandemic reached £821,557.

The resources and potential actions noted below provide the Trustees with confidence that it can continue to operate as planned for the foreseeable future:

- The Charity is in the fortunate position that it is not funded by donations and income from letting flats should remain stable, subject to any temporary voids. At the balance sheet date the Charity held £450,812 (2019: £331,570) in cash which would sustain operations for more

HARRISON HOUSING

(A company limited by guarantee)

TRUSTEES' REPORT FOR THE YEAR ENDED 31 December 2020

than 3 months and it held £5.9m in quoted investments that could be converted into cash in an emergency.

- Major expenses are generally incurred in respect of cyclical repairs which in many cases can be delayed in the short term should the need arise.
- A significant proportion of the cash received every month is received from local Councils in the form of Housing Benefit for residents

Further information on the financial performance of the Charity is contained in the accompanying financial statements.

Investment policy

The Investment Policy is kept under review, having regard to expected requirements in relation to new projects under consideration by the Board, and reserve requirements. The overall objective of the investment policy for Harrison Housing in relation to its investments with Investec is to achieve long term capital growth and income on a total return basis of RPI + 2% with income rolled up and invested into capital. Performance achieved by Harrison Housing in the 12 months to December 2020 was 3.35% (2019: 15%) against a Benchmark Total Return of 0.24% (2019: 14.5%). The lower return compared to the previous year was unsurprising given the prevailing economic uncertainty caused by Covid-19. However, the Harrison Housing's own portfolio did report a gain for the year are suffering significant losses in Q1.

For both Christian Union Almshouses and the Portal Home for Ladies, a cautious investment policy has been adopted to minimise risk. Investments are monitored and reviewed by Trustees on a regular basis. Both portfolios also incurred losses in the year.

Reserves policy

For Harrison Housing, designated reserves are maintained based on guidance issued by the Almshouse Association for the cyclical maintenance and repair of the properties. Details of these designated reserves and restricted funds appear in the notes to the financial statements.

Past policy by the Trustees approved the created a Designated Tangible Fixed Asset Reserve to reflect the net book value of fixed assets, less other funds specifically related to fixed assets. The intended purpose is that this fund should not be used for any other purpose as it seeks to reflect the Charity's investment in fixed assets

For Harrison Housing, the Trustees consider it prudent to retain free reserves equivalent to 12 months expenditure, which is forecast to exceed £1 million in 2020. At this level continuity is ensured in case of a major incident which would reduce income for a period. Unrestricted General reserves not invested in tangible fixed assets were £4.22m at the balance sheet date. The value of General Reserves was above the free reserves target which was set in earlier years however, the Charity remains committed to preparing a 5 year strategic plan and until that plan is finalised the Trustees are comfortable with the current level of the Reserve.

At Christian Union Almshouses, reserves are also set aside in accordance with The Almshouse Association recommendations. In addition, an improvement fund is being built up for major development works required in the future.

HARRISON HOUSING

(A company limited by guarantee)

TRUSTEES' REPORT FOR THE YEAR ENDED 31 December 2020

At the Portal Home for Ladies, designated reserves are maintained on the specification of the Trust Deed for expenditure on cyclical maintenance and extraordinary repairs of the Charity's property.

The Trustees have reviewed the current reserves policies for all three charities in the light of current budgets and plans and consider that there are sufficient reserves to meet running costs for the foreseeable future.

Plans for Future Periods

Perhaps unsurprisingly the Trustees' plans for 2020 were severely impacted by government imposed lockdowns, Covid-19 and uncertainty arising from the pandemic and what it would mean for society in the future. However, in the background work has continued on many of the objectives set for 2020 including developing a new 5-year Strategy document and seeking ways to develop existing properties.

In the final quarter of 2020, the Charity engaged the temporary services of a qualified Surveyor who was charged with overhauling the Health and Safety aspects of the Charity's operations and that appointment has already identified several areas for improvement including work required on fire prevention works in some properties. Thus, the Charity has started 2021 with an ambitious plan of building and refurbishment works that will see it draw down cash from its investment portfolio to finance some of those projects.

Plans for 2021 also include moving the Charity's IT operations into the Cloud to free up space currently used by office staff allowing it to be returned into a flat for a resident.

Structure, Governance and Management

Day-to-day management is delegated to the Chief Executive Officer, who is responsible for ensuring that the Charity delivers the services specified and that key performance indicators are met. The Chief Executive Officer is responsible delivering the objectives set by the Trustees and for ensuring that staff continue to develop their skills and working processes in line with good practice.

The key management team who are responsible for the day-to-day operations of the three charities is made up of the Chief Executive Officer, the Director of Finance and the Operations Director. Remuneration for senior management personnel is reviewed annually at the first Finance, Risk and Audit Committee meeting of the year, along with proposed salary rates for all members of staff. The Charity aims to pay staff salaries which are fair and in line with rates paid by similar sized almshouses and housing associations. In setting salaries each year where possible roles are benchmarked against rates paid by similar organisations. Staff receive annual appraisals and all staff are paid above the national living wage. Trustees are not remunerated for their roles in the Charity.

Harrison Housing complies with the Governance and Financial Viability Standard.

Recruitment and Appointment of Trustees

Trustees are appointed by the Board. A skills review of the existing Trustees in 2015 prompted the board to look for additional Trustees with specific knowledge of housing management and property and during 2017 two Trustees were appointed to the Board to boost expertise in housing management,

HARRISON HOUSING

(A company limited by guarantee)

TRUSTEES' REPORT FOR THE YEAR ENDED 31 December 2020

property and Charity growth.

Details of Trustees who served during the year and any changes since are shown on page 1.

As vacancies on the Board arise the Trustees will continue to seek new Trustees with appropriate skills and experience to assist the Charity with its plans and future growth. The Board seeks to find new Trustees through a combination of using existing Trustee contacts and advertising vacancies.

Trustee Induction and Training

New Trustees are invited to familiarise themselves with the Charity and the context within which it operates. Briefing sessions are run, jointly led by the Chair of the Board and the Chief Executive of the Charity, covering:

- The obligations of Board members.
- The main documents which set out the operational framework for the Charity including the Memorandum and Articles of Association.
- Resourcing and the current financial position as set out in the latest statutory and management accounts.
- Future plans and objectives.
- Information from the various Charity Commission publications signposted through the Commission's guide "The Essential Trustee" are distributed to new Trustees, together with the Charity's governing documents, its Memorandum and Articles of Association and the latest published statutory financial statements.

Related parties

The Charity is registered with the Regulator of Social Housing as a Private Registered Provider and is a member of the Almshouse Association. The Charity may from time to time obtain grants or loans from these organisations in connection with capital or refurbishment projects.

Harrison Housing, The Christian Union Almshouses, Tonge Houses, The Portal Homes for Ladies, Howis Trust, Whicher and Kifford Almshouses, Letita Cornwall, Kifford's Almshouses, and Whicher's Almshouses are all registered charities and are Linked Charities for the purposes of Part 4 (registration) and Part 8 (accounting) of the Charities Act 2011.

Harrison Housing Trustees Limited, a wholly owned subsidiary of Harrison Housing, was dormant during the year and has never traded.

Risk management

The Trustees have assessed the major risks to which the company is exposed, in particular those related to the operations and finances of the company, as detailed below under internal controls, and are satisfied that systems are in place to mitigate exposure to the major risks.

The principal governance risks identified are as follows:

- Undertaking activities outside of the objectives of the Charity: we mitigate this risk by seeking legal and other advice before venturing into new areas of operation.

HARRISON HOUSING

(A company limited by guarantee)

TRUSTEES' REPORT FOR THE YEAR ENDED 31 December 2020

- Failing to respond to changes in legislation and best practice recommendations: we mitigate this risk by regularly reviewing policies and procedures in the light of changing requirements and engaging qualified professional for compliance visits.
- Trustees benefitting personally from their position: we mitigate this risk by not making payments to Trustees, reviewing Board performance and requiring annual declarations of interests to be provided by each Trustee.
- Unable to fill Trustee vacancies with persons appropriate skills to complement existing skills held by Board members: a nomination Committee exists who meet when vacancies arise and they are charged with undertaking such procedures that are considered necessary to find people with the skills that the Charity believes it requires

Diversity and Inclusion

In light of the increased awareness of injustices caused by systemic racism in 2020, the Charity has started to review its processes and culture to ensure that Harrison Housing is a welcoming and inclusive place for trustees, staff and residents alike. Staff and trustees have undertaken training and are actively recruiting to increase the diversity on the Board.

Internal controls

The Trustees acknowledge their responsibility for the Charity's system of internal controls, including internal financial controls. The system of controls covers governance, strategy and finance, relating to the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information used both within the organisation and for publication. The systems established and maintained can provide reasonable but not absolute assurance against material misstatement or loss.

Formal policies and procedures which have regard both to the size of the organisation and the need to meet the requirements referred to above have been introduced. These include:

- a) The appointment of suitably experienced and qualified personnel to implement the systems set up, and the appropriate delegation of authority to officers, staff and consultants to achieve this.
- b) The establishment of detailed procedures for accounting and financial functions and for the operation of essential controls in all areas.
- c) The production of detailed and longer term outline budgets and cash forecasts, and the submission of regular management accounts, to provide the information necessary to review and monitor the results of the organisation's operating activities and the financial position at any time.
- d) The formal control of any new commitment, development or activity by setting up an appropriate sub-committee of the Trustees to authorise, record and monitor the project and the transactions involved.
- e) An annual assessment of risks and risk management, as described above.

Statement of Board's Responsibilities

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

HARRISON HOUSING

(A company limited by guarantee)

TRUSTEES' REPORT FOR THE YEAR ENDED 31 December 2020

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Charity and of its incoming resources and application of resources, including the income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- observe methods and principles in the Charities SORP 2015 (FRS102)
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

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

In so far as the Trustees are aware:

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

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the Charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption.

Members of the Board

Members of the Board, who are also Trustees of the Charity and who served during the year are set out on page 1.

Auditor

During the year the Trustees appointed Moore Kingston Smith LLP as Auditor in succession to MHA MacIntyre Hudson who had held the role for a number of years. The Trustees are grateful for the work undertaken and advice offered by MHA MacIntyre Hudson whilst they were the Auditor.

Approved by the Board on 21 June 2021 and signed on its behalf by:



Martin Collins
Chairman

HARRISON HOUSING
INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF HARRISON HOUSING
FOR THE YEAR ENDED 31 DECEMBER 2020

Opinion

We have audited the financial statements of Harrison Housing (the 'charity') for the year ended 31 December 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 'The Financial Reporting Standard Applicable in the UK and Ireland'.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2020 and of the charity's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities Act 2011, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

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

HARRISON HOUSING
INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF HARRISON HOUSING
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Act 2011 require us to report to you if, in our opinion:

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 12, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

HARRISON HOUSING
INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF HARRISON HOUSING
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the charitable company.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the charitable company and considered that the most significant are the Companies Act 2006, the Charities Act 2011, the Charity SORP, and UK financial reporting standards as issued by the Financial Reporting Council.
- We obtained an understanding of how the charitable company complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We enquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

HARRISON HOUSING
INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF HARRISON HOUSING
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the charitable company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charitable company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the charitable company and charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Luke Holt, Senior Statutory Auditor
for and on behalf of Moore Kingston Smith LLP, Statutory Auditor

Devonshire House
60 Goswell Road
London EC1M 7AD

Date: 17 August 2021

**HARRISON HOUSING
STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31ST DECEMBER 2020**

	Note	Unrestricted Funds £	Restricted Funds £	Total funds 2020 £	Total funds 2019 £
Income from:					
Donations	4	847	-	847	1,566
Charitable activities	5, 6	876,047	331,375	1,207,422	1,164,890
Investments	7	118,451	21,522	139,973	177,079
Total Income		<u>995,345</u>	<u>352,897</u>	<u>1,348,242</u>	<u>1,343,535</u>
Expenditure on:					
Raising funds	8	29,811	5,301	35,112	30,510
Charitable activities	9, 10	1,004,012	240,997	1,245,009	1,384,206
Initial recognition of multi employer defined benefit pension scheme		-	-	-	(83,899)
Total Expenditure		<u>1,033,823</u>	<u>246,298</u>	<u>1,280,121</u>	<u>1,330,817</u>
Net gains/(losses) on investments	16	49,976	(30,998)	18,978	607,748
Net income/(expenditure)		11,498	75,601	87,099	620,466
Transfers between funds		56,569	(56,569)	-	-
Other recognised losses		-	-	-	(2,307)
Actuarial losses on defined benefit pension scheme	27	(6,915)	-	(6,915)	(11,000)
Net Movement in Funds		61,152	19,032	80,184	607,159
RECONCILIATION OF FUNDS					
Total funds brought forward		<u>4,836,625</u>	<u>9,230,745</u>	<u>14,067,370</u>	<u>13,460,211</u>
TOTAL FUNDS CARRIED FORWARD	20	<u>4,897,777</u>	<u>9,249,777</u>	<u>14,147,554</u>	<u>14,067,370</u>

All income and expenditure derive from continuing activities.

The Statement of Financial Activities includes all gains and losses recognised in the year.

**HARRISON HOUSING
BALANCE SHEET
AS AT 31ST DECEMBER 2020**

	Note	2020 £	2020 £	2019 £	2019 £
FIXED ASSETS					
Tangible assets	15		7,859,637		8,029,367
Investments	16		5,905,904		5,792,272
			<u>13,765,541</u>		<u>13,821,639</u>
CURRENT ASSETS					
Debtors: amounts falling due within one year	17	105,148		102,211	
Investments	18	45,912		39,376	
Cash at bank		<u>450,812</u>		<u>331,570</u>	
		601,872		473,157	
CREDITORS					
Amounts falling due within one year	19	<u>(142,944)</u>		<u>(157,426)</u>	
NET CURRENT ASSETS/(LIABILITIES)			<u>458,928</u>		<u>315,731</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>14,224,469</u>		<u>14,137,370</u>
Defined benefit pension scheme liability	27		<u>(76,915)</u>		<u>(70,000)</u>
NET ASSETS			<u>14,147,554</u>		<u>14,067,370</u>
CHARITY FUNDS					
Restricted funds	20		9,249,777		9,230,745
Unrestricted funds	20		4,897,777		4,836,625
			<u>14,147,554</u>		<u>14,067,370</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the Board of Trustees and were signed on its behalf by:



.....
M Collins (Chairman)

21 June 2021

HARRISON HOUSING
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2020

	2020	2019
	£	£
Cash flows from operating activities		
Net cash used in operating activities	<u>32,524</u>	<u>5,067</u>
Cash flows from investing activities		
Investment income	139,973	177,079
Purchase of tangible fixed assets	(58,865)	(82,088)
Proceeds from sale of investments	1,225,822	411,741
Purchase of investments	(1,543,520)	(546,690)
Movement on investments cash account	204,066	(7,320)
Net cash provided by investing activities	<u>(32,524)</u>	<u>(47,278)</u>
Cash flows from financing activities		
Repayments of borrowing	<u>-</u>	<u>(3,718)</u>
Net cash used in financing	<u>-</u>	<u>(3,718)</u>
Change in cash and cash equivalents in the year	125,778	(45,929)
Cash and cash equivalents at the beginning of the year	370,946	416,875
Cash and cash equivalents at the end of the year	<u>496,724</u>	<u>370,946</u>

Reconciliation of net expenditure to net cash flow from operating activities

**HARRISON HOUSING
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2020**

1 GENERAL INFORMATION

Harrison Housing is a company limited by guarantee and is registered with the Charity Commission as an Almshouse Charity (Charity Registered number 1101143), the Registrar of Companies (Company Registration Number 4932686) and with The Regulator of Social Housing as a private registered provider (Regulator of Social Housing A4410).

The company was incorporated on 15 October 2003 and commenced its activities on 1 April 2004, when the assets and liabilities of The Harrison Homes were transferred to Harrison Housing.

The members of the Charity are the Trustees named on page 1. In the event of the Charity being wound up, the liability in respect of the guarantee is limited to £10 per member of the Charity.

The address of the registered office is given in the Charity information on page 1 of these financial statements. The nature of the Charity's operations and principal activities are detailed in the Trustees' Report.

2 ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Charities SORP (FRS102) - Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Harrison Housing meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

The financial statements are presented in sterling, which is the functional currency of the Charity, and are rounded to the nearest pound.

2.2 Going concern

The financial statements have been prepared on a going concern basis as the Trustees believe that no material uncertainties exist. Trading operations which for this purpose is income less operating costs but excluding depreciation, consistently show the charity to be cash positive generating approximately £10,000 per month. A large part of the charity's income is paid by local Councils in the form of Housing Benefit which is reasonably secure. It is generally possible for the charity to determine the timing of major expenditure such as cyclical repairs and large capital expenditure which would provide flexibility should cash flow become tight. Investments are valued at more than £5m which can be comparatively easily liquidated if an emergency was to arise. The value of the investments would cover operating costs (excluding major capital/cyclical works) for approximately 4 years even with no income which in itself would be highly unlikely. For these reasons, the Trustees believe the charity to be a going concern for at least 12 months from the date of signature of these financial statements.

**HARRISON HOUSING
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

ACCOUNTING POLICIES (Continued)

2.3 Income

All income is recognised once the Charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Income from housing represents housing contributions (including service charge income), income from the provision of management services and charitable income.

No amount is included in the financial statements for volunteer time in line with the SORP (FRS 102). Further detail is given in the Trustees' Report.

Investment income is earned through holding assets for investment purposes such as shares. It included dividends and interest. Where it is not practical to identify investment management costs incurred within a scheme with reasonable accuracy the investment income is reported net of these costs. It is included when the amount can be measured reliably. Interest income is recognised using the effective interest method and dividend income is recognised as the Charity's right to receive payment is established.

Social Housing Capital grants are recognised only when receivable, or in the period in which a scheme is completed where the amount of the grant has been determined. Grants are reflected in the Fixed Asset Fund; all fixed assets are treated as restricted with depreciation on grant funded assets reducing this fund.

2.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Expenditure on raising funds includes all expenditure incurred by the Charity to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Expenditure on charitable activities is incurred on directly undertaking the activities which further the Charity's objectives, as well as any associated support costs.

All expenditure is inclusive of irrecoverable VAT.

HARRISON HOUSING
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

ACCOUNTING POLICIES (Continued)

2.5 Taxation

The Charity is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or Section 252 of the Taxation of Charitable Gains Act 1992 to the extent that these are applied to its charitable objectives.

2.6 Tangible fixed assets and depreciation

Tangible fixed assets costing £5,000 or more are capitalised and recognised when future economic benefits are probably and the cost or value of the asset can be measured reliably.

Tangible fixed assets are initially recognised at cost. After recognition, under the cost model, tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. All costs incurred to bring a tangible fixed asset into its intended working condition should be included in the measurement of cost.

Depreciation is charged so as to allocate the cost of tangible fixed assets less their residual value over their estimated useful lives.

The estimated useful lives are as follows:

Buildings	100 years
Roofs	70 years
Windows	30 years
Boilers	15 years
Kitchens	15 years
Bathrooms	15 years
Mechanical elements	30 years
Electrics	40 years
Lifts	20 years
Fixtures and fittings	10 years

2.7 Investments

Fixed asset investments are a form of basic financial instrument are initially recognised at their transaction value and subsequently measured at their fair value using the closing quoted market price or the share of the Net Asset Value of the fund (if unlisted). All gains and losses are taken to the Statement of Financial Activities as they arise.

The Statement of Financial Activities includes all net gains and losses arising on revaluation and disposals throughout the year. As investments are revalued to fair value continuously, no realised gains or losses arise.

2.8 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

**HARRISON HOUSING
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

ACCOUNTING POLICIES (Continued)

2.9 Cash at bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

2.10 Loans and borrowing

Loans and borrowings are initially recognised at the transaction price including transaction costs. Subsequently, they are measured at amortised cost using the effective interest rate method, less impairment. If an arrangement constitutes a finance transaction it is measured at present value.

2.11 Liabilities

Liabilities and provisions are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement and the amount of the settlement can be estimated reliably.

Liabilities are recognised at the amount that the Charity anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effects of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised in the Statement of Financial Activities as a finance cost.

2.12 Financial instruments

The Charity only holds basic financial instruments. The financial assets and financial liabilities of the Charity are as follows:

Debtors - trade and other debtors (including accrued income) are basic financial instruments and are debt instruments measured at amortised cost as detailed in Note 17. Prepayments are not financial instruments.

Cash at bank - is classified as a basic financial instrument and is measured at face value.

Liabilities - trade creditors, accruals and other creditors will be classified as financial instruments, and are measured at amortised cost as detailed in Notes 19 and 20. Taxation and social security are not included in the financial instruments disclosure. Deferred income is not deemed to be a financial liability, as in the cash settlement has already taken place and there is simply an obligation to deliver charitable services rather than cash or another financial instrument.

2.13 Pensions

The charity's employees are entitled to join The Pensions Trust - Social Housing Pension Scheme, a multi-employer defined benefit scheme. Previously the Charity did not have sufficient information to be able to account for its share of the assets and liabilities of the Scheme. Therefore in accordance with FRS102 the Scheme was accounted for as a defined contribution scheme except to the extent that where an agreement was entered into to fund a deficit over period of time this liability was recognised on a discounted basis. With effect from 1 January 2019 The Pension Trust has received sufficient information in relation to the charity's employees to account for the scheme as a defined benefit scheme. The Charity has adopted the Financial Reporting Council guidance 'Amendments to FRS102 multi-employer defined benefit plans' and the scheme is accounted for a defined benefit scheme from that date as set out below.

**HARRISON HOUSING
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

ACCOUNTING POLICIES (Continued)

Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are performed triennially and are updated at each reporting date.

The amount charged to the operating surplus are the current service costs and gains and losses on settlements and curtailments together with any change in the net defined benefit liability arising from employee service and are included as part of staff costs. Net interest on the defined benefit pension liability is shown as part of interest payable in the Statement of Financial Activities. Actuarial gains and losses on re-measurement of the defined benefit pension liability are reported within the Statement of Financial Activities.

2.14 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

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

Investment income, gains and losses are allocated to the appropriate fund.

3 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGMENT

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

- Depreciation rates for tangible fixed assets
- Allocation of support costs

The Charity makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year as discussed below.

Critical areas of judgment

- Useful economic lives of assets
- Defined Benefit Pension Scheme

The Charity has an obligation to fund the pension benefits of its employees who are current or past members of the pension scheme. The cost of the benefits and the present value of the obligation depend on a number of factors, including life expectancy, asset valuations, and the discount rate on corporate bonds. Management estimates these factors in determining the net pension liability in the Balance Sheet. The assumptions reflect historical experience and current trends. See Note 28 for the disclosures relating to the defined benefit pension scheme.

HARRISON HOUSING
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

4 DONATIONS

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £
Donations	847	-	847
Grants	-	-	-
	<u>847</u>	<u>-</u>	<u>847</u>
	<i>Unrestricted funds 2019 £</i>	<i>Restricted funds 2019 £</i>	<i>Total funds 2019 £</i>
Donations	1,268	-	1,268
Grants	-	298	298
	<u>1,268</u>	<u>298</u>	<u>1,566</u>

5 INCOME FROM CHARITABLE ACTIVITIES- BY FUND

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £
Housing activities	<u>876,047</u>	<u>331,375</u>	<u>1,207,422</u>
	<i>Unrestricted funds 2019 £</i>	<i>Restricted funds 2019 £</i>	<i>Total funds 2019 £</i>
Housing activities	<u>833,460</u>	<u>331,430</u>	<u>1,164,890</u>

HARRISON HOUSING
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

6 INCOME FROM CHARITABLE ACTIVITIES- BY TYPE

	2020	2019
	£	£
Housing activities		
Rental income receiveable	741,542	704,849
Service charges receivable	351,645	355,431
Gross rental income	1,093,187	1,060,280
Losses from void accomodation	(17,034)	(16,582)
	1,076,153	1,043,698
Management fees	107,176	94,673
Other rental income	21,808	17,679
Sundry income	2,285	8,840
Total	1,207,422	1,164,890

Rental income includes £53,563 (2019: £56,235) restricted income from the Greenwoods Almshouse, £80,079 (2019: £81,998) restricted to Christian Union Almshouses and £56,484 (2019: £54,002) restricted to Tonge Houses, Portal Homes for Ladies.

7 INCOME FROM INVESTMENTS

	Unrestricted funds	Restricted funds	Total funds
	2020	2020	2020
	£	£	£
Dividend income	117,725	21,522	139,247
Bank deposit and bond interest	726	-	726
	118,451	21,522	139,973
	Unrestricted funds	Restricted funds	Total funds
	2019	2019	2019
	£	£	£
Dividend income	131,163	44,849	176,012
Bank deposit and bond interest	808	259	1,067
	131,971	45,108	177,079

All of the Charity's income from investments arises from money held in stocks, shares and interest bearing deposit accounts with Investec, NAACIF, Brown Shipley and COIF.

HARRISON HOUSING
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

8 EXPENDITURE ON RAISING FUNDS

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £
Investment management fees	29,811	5,301	35,112
	<u>29,811</u>	<u>5,301</u>	<u>35,112</u>
	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £
Investment management fees	23,745	6,765	30,510
	<u>23,745</u>	<u>6,765</u>	<u>30,510</u>

9 ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES- BY FUND

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £
Housing activities	1,004,012	240,997	1,245,009
	<u>1,004,012</u>	<u>240,997</u>	<u>1,245,009</u>
	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £
Housing activities	1,090,093	294,113	1,384,206
	<u>1,090,093</u>	<u>294,113</u>	<u>1,384,206</u>

10 ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES- BY TYPE

	Activities undertaken directly 2020 £	Support costs 2020 £	Total funds 2020 £
Housing activities	844,100	400,909	1,245,009
	<u>844,100</u>	<u>400,909</u>	<u>1,245,009</u>
	Activities undertaken directly 2019 £	Support costs 2019 £	Total funds 2019 £
Housing activities	989,755	394,451	1,384,206
	<u>989,755</u>	<u>394,451</u>	<u>1,384,206</u>

HARRISON HOUSING
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

10 ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES- BY TYPE (CONTINUED)

Analysis of direct costs	Total funds 2020 £	Total funds 2019 £
Direct staff costs	379,185	402,656
Depreciation	228,515	251,760
Routine repairs and maintenance	213,655	179,424
Cyclical repairs and maintenance	10,120	155,915
	<u>831,475</u>	<u>989,755</u>
Analysis of support costs	Total funds 2020 £	Total funds 2019 £
Defined benefit pension scheme finance cost	3,000	4,000
Support staff costs	39,569	3,081
Legal and other professional fees	47,391	38,378
Governance costs	20,178	37,172
Other staff costs	36,299	18,851
Premise costs	168,658	174,805
Other costs	73,657	96,250
Bank charges and interest payable	1,208	1,373
Bad debt write off	10,949	20,541
	<u>400,909</u>	<u>394,451</u>

11 GOVERNANCE COSTS

	2020 £	2019 £
Audit	14,750	17,445
2019 under accrual audit	-	12,075
Accounts	3,000	3,100
2019 under accrual accounts	-	3,000
Other	-	1,552
	<u>17,750</u>	<u>37,172</u>

12 AUDITORS REMUNERATION

	2020 £	2019 £
2019 under accrual audit and accounts	-	15,075
VAT advisory work	-	1,552
Accrual for 2020 audit and accounts	17,750	20,545
	<u>17,750</u>	<u>37,172</u>

HARRISON HOUSING
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

13 STAFF COSTS

	2020	2019
	£	£
Wages and salaries	361,683	366,715
Social security costs	32,557	36,715
Employers pension costs	23,635	26,914
	<u>417,875</u>	<u>430,344</u>

Particulars of employees

The average number of employees during the year, was as follows:

	2020	2019
Operating staff- Full time	3	3
Operating staff- Part time	2	3
Administrative staff- Full time	3	3
Administrative staff- Part time	3	4
	<u>8</u>	<u>13</u>

The remuneration of key management personnel (including pension, bonus and employers national insurance) in the year amounted to:

2020	2019
£	£
<u>186,257</u>	<u>193,109</u>

The number of employees who received total remuneration in the following bands were:

	2020	2019
£60,000 - £69,999	1	1

14 Trustee's remuneration and expenses

During the year, no Trustees received any remuneration or other benefits (2019: nil).

During the year ended 31 December 2020, no Trustee expenses have been incurred (2019: nil).

HARRISON HOUSING
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

15 TANGIBLE FIXED ASSETS

	Freehold property £	Fixtures and fittings £	Office equipment £	Totals £
COST				
At 1st January 2020	10,530,908	250,078	43,042	10,824,028
Additions	43,241	5,988	9,636	58,865
Disposals	(23,394)	-	-	(23,394)
At 31st December 2020	10,550,755	256,066	52,678	10,859,499
DEPRECIATION				
At 1st January 2020	2,689,727	78,060	26,874	2,794,661
Charge for the year	209,515	16,108	2,610	228,233
Eliminated on disposal	(23,032)	-	-	(23,032)
At 31st December 2020	2,876,210	94,168	29,484	2,999,862
NET BOOK VALUE				
At 31st December 2020	7,674,545	161,898	23,194	7,859,637
At 31st December 2019	7,841,181	172,018	16,168	8,029,367

The Trustees believe that the value of the housing properties is substantially in excess of cost, based on reinstatement values for insurance purposes. In the event that any housing property should be sold, a liability may arise for the repayment, at least in part, of grants received.

Non-housing assets include £15,000 for the Newell Hall Orchard, which has been included at deemed cost as at 31 December 2015 following on from the transition to FRS102. The historic cost was £Nil. The deemed cost has been reviewed for impairment and the Trustees are of the opinion that this valuation remains appropriate at the year ended 31 December 2020.

HARRISON HOUSING
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

16 FIXED ASSET INVESTMENTS

	2020	2019
Fair value	£	£
At 1st January	5,792,272	5,042,256
Additions	1,543,520	546,690
Disposals	(1,244,800)	(411,742)
(Losses)/gains	18,978	607,748
	<u>6,109,970</u>	<u>5,784,952</u>
At 31st December	6,109,970	5,784,952
Cash	(204,066)	7,320
	<u>5,905,904</u>	<u>5,792,272</u>
Book value		
At 31 December 2020	<u>4,597,416</u>	<u>4,638,043</u>

All the fixed asset investments are held in the UK

The investments are held in National Association of Almshouses Common Investment Fund units and managed listed securities held with Investec and Browne Shipley. All funds are invested within listed companies for which there is a readily available market value. The historic valuation of the NAACIF holdings include £2,509 representing a permanent endowment fund which formed part of Greenwood's Almshouses Trust and £2,669 for Christian Union Almshouse.

During the year, the investment holding in NAACIF was transferred to the M&G Charity Multi Asset Fund in its entirety.

Harrison Housing also has a £1 investment in its wholly owned subsidiary Harrison Housing Trustees Limited.

HARRISON HOUSING
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

17 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£	£
Maintenance contributions - housing	29,357	15,003
Other debtors	32,998	44,865
Prepayments and accrued income	42,793	42,343
	<u>105,148</u>	<u>102,211</u>

18 CURRENT ASSET INVESTMENTS

	2020	2019
	£	£
Short term bank deposits	45,912	39,376
	<u>45,912</u>	<u>39,376</u>

19 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£	£
Housing loans		-
Trade creditors	63,115	32,968
Other taxation and social security	2,285	11,631
Other creditors	27,132	35,662
Accruals and deferred income	50,412	77,165
	<u>142,944</u>	<u>291,385</u>

HARRISON HOUSING
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

20 STATEMENT OF FUNDS

Statement of funds - current year	Balance at 1 January 2020 £	Income £	Expenditure £	Transfers in/out	Gains/ (Losses) £	Balance at 31 December 2020 £
Designated funds						
Cyclical Maintenance Fund	600,777	-	-	150,000	-	750,777
Revaluation Reserve	15,000	-	-	-	-	15,000
	<u>615,777</u>	<u>-</u>	<u>-</u>	<u>150,000</u>	<u>-</u>	<u>765,777</u>
General funds						
General Reserve	4,290,848	995,345	(1,033,823)	(93,431)	49,976	4,208,915
Pension Reserve	(70,000)	-	-	-	(6,915)	(76,915)
	<u>4,220,848</u>	<u>995,345</u>	<u>(1,033,823)</u>	<u>(93,431)</u>	<u>43,061</u>	<u>4,132,000</u>
Restricted funds						
Greenwoods	210,026	54,261	(36,199)	(7,731)	(1,472)	218,885
Howis Trust	135,847	88,621	(59,181)	(15,839)	-	149,448
Whicher & Kifford	422,148	52,628	(35,229)	(7,920)	-	431,627
Fixed asset fund	4,641,400	-	-	-	-	4,641,400
Portal	924,840	64,226	(48,035)	(9,240)	(8,641)	923,150
CUA	2,896,484	93,161	(67,654)	(15,839)	(20,885)	2,885,267
	<u>9,230,745</u>	<u>352,897</u>	<u>(246,298)</u>	<u>(56,569)</u>	<u>(30,998)</u>	<u>9,249,777</u>
Total funds	<u>14,067,370</u>	<u>1,348,242</u>	<u>(1,280,121)</u>	<u>-</u>	<u>12,063</u>	<u>14,147,554</u>

HARRISON HOUSING
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

20 STATEMENT OF FUNDS (continued)

Statement of funds - prior year	Balance at 1 January 2020 £	Income £	Expenditure £	Transfers in/out	Gains/ (Losses) £	Balance at 31 December 2020 £
Designated funds						
Cyclical Maintenance Fund	592,692	-	(155,915)	164,000	-	600,777
Revaluation Reserve	15,000	-	-	-	-	15,000
	<u>607,692</u>	<u>-</u>	<u>(155,915)</u>	<u>164,000</u>	<u>-</u>	<u>615,777</u>
General funds						
General Reserve	3,794,580	966,699	(815,024)	(164,000)	508,593	4,290,848
Pension Reserve	-	-	(59,000)		(11,000)	(70,000)
	<u>3,794,580</u>	<u>966,699</u>	<u>(874,024)</u>	<u>(164,000)</u>	<u>497,593</u>	<u>4,220,848</u>
Restricted funds						
Greenwoods	198,818	56,998	(48,139)	-	2,349	210,026
Howis Trust	131,002	86,249	(81,404)	-	-	135,847
Whicher & Kifford	414,806	53,244	(45,902)	-	-	422,148
Fixed asset fund	4,641,400	-	-	-	-	4,641,400
Portal	874,157	62,905	(50,143)	-	37,921	924,840
CUA	2,797,756	117,440	(75,290)	-	56,578	2,896,484
	<u>9,057,939</u>	<u>376,836</u>	<u>(300,878)</u>	<u>-</u>	<u>96,848</u>	<u>9,230,745</u>
Total funds	<u>13,460,211</u>	<u>1,343,535</u>	<u>(1,330,817)</u>	<u>-</u>	<u>594,441</u>	<u>14,067,370</u>

20 STATEMENT OF FUNDS (CONTINUED)

General funds

The Pension reserve has been created to separately identify the defined benefit pension scheme liability.

Designated funds

Cyclical maintenance of the company's housing properties is carried out in accordance with a defined programme, dealing with internal decorations (flats and communal areas), and external decorations every seven years, and five years respectively. During the year, transfers have been made out of restricted funds and into the cyclical maintenance fund to top up the funds readily available to carry out these repairs.

The annual transfer from income and expenditure shown above represents the estimated annualised cost of the cyclical maintenance programme.

Amounts transferred each year from the designated reserves to income and expenditure account correspond with the cost of cyclical maintenance carried out during the year.

The balance on the cyclical maintenance designated reserves at the year end represents the total of the aggregate annualised charges for projects within each maintenance cycle.

Restricted funds

The Charity's restricted reserves represent the net assets acquired under schemes sanctioned by the Charity Commission in June and July 2007 in relation to Greenwood's Almshouses Trust and the Howis Trust. The net surplus or deficit for the period represents the surplus or deficit of income less expenditure attributable to the Greenwoods Trust and the Howis Trust in respect of the period following their acquisition.

The restricted refurbishment reserve represents funds specifically for the purpose of refurbishing the properties at 1 and 2 Stanley Close belonging to Whicher and Kifford Almshouses.

The Fixed Asset Fund relates to the Social Housing Grant (note 26) that was paid to construct the buildings in tangible fixed assets and is restricted as the amounts would be repayable if the buildings were ever sold or demolished.

The Charity's restricted reserves include the net surplus of income less expenditure for Christian Union Almshouses and The Tonge, The Portal Home for Ladies in respect of the period following their acquisition.

HARRISON HOUSING
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

21 ANALYSIS OF NET ASSETS BETWEEN FUNDS

**Analysis of net assets between funds -
Current year**

	Unrestricted Funds £	Restricted Funds £	Total Funds £
Tangible fixed assets	15,000	7,844,637	7,859,637
Fixed asset investments	4,799,310	1,106,594	5,905,904
Current assets	303,326	298,546	601,872
Creditors due within one year	(142,944)	-	(142,944)
Creditors due in more than one year	(76,915)	-	(76,915)
Total	4,897,777	9,249,777	14,147,554

**Analysis of net assets between funds -
Prior year**

	Unrestricted Funds £	Restricted Funds £	Total Funds £
Tangible fixed assets	15,000	8,014,367	8,029,367
Fixed asset investments	4,575,894	1,216,378	5,792,272
Current assets	473,157	-	473,157
Creditors due within one year	(157,426)	-	(157,426)
Creditors due in more than one year	(70,000)	-	(70,000)
Total	4,836,625	9,230,745	14,067,370

HARRISON HOUSING
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

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

	2020 £	2019 £
Net income for the year (as per the Statement of Financial Activities)	<u>80,184</u>	<u>620,466</u>
Adjustments for:		
Depreciation charges	228,233	225,088
(Gains)/Losses on investments	(18,978)	(607,748)
Investment income	(139,973)	(177,079)
Loss on the sale of fixed assets	-	27,686
(Increase)/decrease in debtors	(2,937)	(1,516)
Decrease in creditors	(14,482)	(138,523)
Remeasurement of pension	-	(2,307)
Defined benefit pension scheme liability transferred in	-	83,000
Defined benefit pension scheme finance cost	-	4,000
Defined benefit pension scheme actuarial losses	6,915	-
Defined benefit pension scheme employer contributions payable	(26,254)	(28,000)
Net cash provided by operating activities	<u><u>32,524</u></u>	<u><u>5,067</u></u>

23 Analysis of cash and cash equivalents

	2020 £	2019 £
Cash in hand	450,812	331,570
Short term bank deposits	45,912	39,376
Total cash and cash equivalents	<u><u>496,724</u></u>	<u><u>370,946</u></u>

24 Analysis of net debt

	At 1 January 2020 £	Cash flows £	At 31 December 2020 £
Cash at bank and in hand	331,570	119,242	450,812
Liquid investments	39,376	6,536	45,912
	<u>370,946</u>	<u>125,778</u>	<u>496,724</u>

HARRISON HOUSING
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

25 CONTINGENT LIABILITIES

Other than the potential employer debt on the Pension Scheme (Note 27) there were no other contingent liabilities at the balance sheet date (2019: £nil).

26 SOCIAL HOUSING GRANT

The total Social Housing Grant received for the Harrison Housing charitable company as at the 31 December 2020, was £4,645,318 (2019 - £4,645,318), made up as follows:

	£
Capital grant	4,604,327
Revenue grant	40,991
Total	4,645,318
Grant relating to components disposed of as at 01/01/2020	228,454
Disposals during 2020	-
	228,454

This liability is reflected within the Restricted Fixed Asset fund.

27 PENSION COMMITMENTS

The Charity participates in the Social Housing Pension Scheme (SHPS) a multi-employer scheme which provides benefits to some 450 non-associated employers. The scheme is a defined benefit scheme in the UK administered by TPT Retirement Solutions (TPT). Historically TPT has not been able to supply sufficient information for each employer's share of SHPS to allow defined benefit accounting to be applied. Instead, in accordance with FRS 102 paragraphs 28.11 and 28.11A and, the Charity accounted for SHPS as a defined contribution scheme and recognised a liability for the present value of the deficit funding agreement.

Following a number of changes made to systems and processes by TPT, sufficient information is available for SHPS to allow defined benefit accounting to be applied with effect from 1 January 2019 and the Charity has adopted the 'Amendments to FRS 102 multi-employer defined benefit plans'.

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

A full actuarial valuation for the scheme was carried out with an effective date of 30 September 2017. The actuarial valuation showed assets of £4,553m, liabilities of £6,075m and a deficit of £1,522m.

HARRISON HOUSING
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

27 PENSION COMMITMENTS (CONTINUED)

Principal actuarial assumptions at the Balance Sheet date:

	At 31 December 2020 %
Discount rate	1.13
Inflation (RPI)	3.08
Inflation (CPI)	2.39
Salary Growth	3.39
Allowance of commutation of pension for cash at retirement	<u>75</u>

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

	At 31 December 2020
Mortality rates (in years)	
- for a male aged 65 now	21.5
- at 65 for a male aged 45 now	22.9
- for a female aged 65 now	23.3
- at 65 for a female aged 45 now	<u>24.5</u>

	At 31 December 2020 £
The Charity's share of the assets in the scheme was:	
Global Equity	89,000
Absolute Return	26,000
Distressed Opportunities	13,000
Credit Relative Value	14,000
Alternative Risk Premia	19,000
Emerging Markets Debt	23,000
Risk Sharing	20,000
Insurance-Linked Securities	14,000
Property	11,000
Infrastructure	34,000
Private Debt	13,000
Opportunistic Illiquid Credit	13,000
High Yield	17,000
Opportunistic Credit	13,000
Cash	6,000
Corporate Bond Fund	32,000
Liquid Credit	6,000
Long Lease Property	9,000
Secured Income	18,000
Liability Driven Investment	164,000
Net Current Assets	<u>1,000</u>

Total Assets 555,000

The actual return on scheme assets was £57,000.