

Reall Limited
a company limited by guarantee

Annual Report & Financial Statements
for the year ended 31 March 2020



Charity registered in England & Wales No. 1017255
Charity registered in Scotland No. SC041976
Company Registration No. 2713841

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Charity and Company Information

Name of Charity	Reall Limited
Charity Registration Number England & Wales Scotland	1017255 SC041976
Company Registration Number	2713841
Chief Executive	Ian Shapiro
Registered Office & Principal Address of the Charity	6th Floor, Friars House, Manor House Drive, Coventry, UK, CV1 2TE
Auditors	RSM UK Audit LLP, 2 nd Floor, St Philips Point, Temple Row, Birmingham, B2 5AF
Solicitors	<i>Weil, Gotshal & Manges</i> – 110 Fetter Ln, Holborn, London EC4A 1AY (pro bono) <i>Devonshires Solicitors</i> – 30 Finsbury Circus, Finsbury, London EC2M 7DT
Bankers	<i>The Royal Bank of Scotland plc</i> – 15 Little Park Street, Coventry, CV1 2RN

Chair's Report for the year ended 31 March 2020

Welcome to our Annual Report and Financial Statements.

Covid-19 has made Reall's mission to build an affordable homes movement to transform the lives of 100 million people in urban Africa and Asia by 2030 even more crucial. The affordable housing crisis is one of humanity's greatest challenges but it is also one of humanity's greatest opportunities. Currently there are 1.2 billion people without adequate shelter in quality, affordable homes but we have the opportunity to change the dynamic if we make the right choices.

Progress in 2019/20 has been substantial, including delivering homes for many hundreds of families on local incomes. We have further developed our robust internal processes as well as preparing the corporate strategy for an ambitious next five years. We continue to develop, refine and share our housing models in order to unlock the political will, capital investment and end-user finance needed to reach our goal. We have partnered with two new organisations in India and rigorously managed our existing build and brokering portfolio. Our anchor investors, the Swedish Government through Sida and the UK Government through the Foreign, Commonwealth and Development Office (FCDO), have provided continued backing, assistance and capital. Our network of partners across Africa and Asia have continued to deliver commercially viable sustainable solutions for the poorest 40% in their communities; and we continue to collaborate with diverse organisations.

Our newly developed Reall open-source data dashboard demonstrates our pioneering global impact. Since 1989, 3.5 million people on a low-income have been reached through Reall-supported initiatives, including providing over 730,000 people to improve, develop or own their own home, 350,000 people with access to land with secure tenure and ensuring over 1.1 million people benefit from improved sanitation.

This financial year has been slower in delivery terms than usual, partly impacted by Covid-19 restrictions towards the end of 2019/20. Nevertheless, we have approved projects to provide an additional 720 homes across 2 countries, benefiting 3,875 people. Our risk and assurance processes have been reinforced and continue to be robustly conducted despite Covid-19 travel restrictions. Engagement with our African and Asian partners is constant, including an Asian meeting in Malaysia in April 2019 and an African meeting in Kenya in June 2019 as well as an all-partner network event in Abu Dhabi in February 2020. This helps reinforce the shared benefits of the Network and mutual learning as a strong complement to the necessary operational, governance and assurance support.

We are delighted that last year Sida committed a further four years of grant support to enable us to deliver our mission. We received £8.9m from Sida and FCDO. £2.5m was disbursed in new loans and grants. We also won a highly competitive FCDO grant for innovative end-user financing work for work from now into 2022/23.

Our ambition means we must crowd others into this uncrowded space. Therefore, raising our profile including through attendance at the UN led World Urban Forum (WUF10) in February 2020 was of great importance. WUF10 was a huge success in providing a high profile platform to demonstrate our credible and commercially viable solution to rapid urbanisation. As a result, exciting partnership discussions continue to take place with potential investors, developers and collaborators.

The Board has undergone an evolution with the previous Chair, David Orr and three Board Members (Suzanne Forster, Alison Brown and Shantanu Bhagwat) reaching the end of their highly impressive tenures. Alongside myself joining the Board, it is excellent to have new talent joining the existing quality Board members. This year Diana Mitlin (Professor at Manchester University), Andrea Marmolejo (impact investing specialist) and Paul Hackett (CEO of Optivo) have helped further strengthen the Board. The Board's calibre has been integral to the culture of learning and improvement across the organisation.

On behalf of the Board, I would like to express our gratitude to our long-term supporters, both individuals and organisations. I would also like to thank the Board and the staff for their quality work over the year in driving forward our mission.

Christopher Loughlin
Chair

Date 10 September 2020

Report of the trustees for the year ended 31 March 2020

The trustees are pleased to present their annual Trustees' Report, including their strategic review, together with the financial statements of the charity for the year ended 31 March 2020, which are also prepared to meet the requirements for a Directors' Report and accounts for Companies Act purposes.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum & Articles of Association and 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 (FRS 102) (effective 1 January 2015).

Our objectives, vision and mission

Reall is a UK-based international development organisation that is building an affordable homes movement to improve the life chances of 100 million people in urban Africa and Asia by 2030. Over the last 31 years, Reall has worked with partners, contractors, governments and finance institutions to make the affordable housing market accessible to the poorest 40%. Affordable homes are a fundamental human right that unlock unimaginable human potential to shape a future of gender parity, climate resilience, clean air, renewable energy and socio-economic justice, as well as being the doorway to realising 16 of the 17 Sustainable Development Goals (SDGs).

The affordable housing crisis is one of humanity's greatest challenges. Not only is it a basic human right, it is also an opportunity to tap into a \$17 trillion uncrowded marketplace. Through its business model Reall realises return on investment through loans, equity, guarantees and grants, allowing funds to be revolved at a country level or recycled and reinvested across the portfolio. Our track record shows that deploying patient capital can de-risk investments, providing the opportunity for people to own an asset, gain access to formal finance mechanisms, breaking the cycle of poverty and demonstrate a commercially viable solution for people on low incomes.

We develop, refine and share innovative housing models that unlock the political will, capital investment and end-user financing needed to create opportunities for people to secure quality affordable homes in safe communities with adequate sanitation. We work to influence policy and secure government support, driving change in regulations and engaging the banking sector around end-user finance. Partnership is key to the way Reall works and alongside governments, research bodies, small and medium enterprises, private sector contractors, think tanks and multi-lateral organisations, we aim to develop housing markets at speed and scale. We work in open collaboration in order to achieve our mission.

We hugely value the continued support from our anchor investors, the UK's Foreign, Commonwealth and Development Office (FCDO) and the Swedish Government's International Development Agency (Sida). Sida has committed funding up to April 2024 and FCDO up to December 2020. A March 2020 Donor review encouragingly concluded that Reall has responded positively to previous reviews, with significant improvements made to the design of the operating model and assurance framework. The next phase requires us to broaden our funding base and a new fundraising strategy is being implemented by a newly dedicated team to target potential supporters.

Strategic report

2019/20 has been a very positive year for Reall. With a strong vision, direction and leadership, the organisation has further strengthened its impact through internal processes and policies as well as ways of working across its network.

The key areas of our business remain the same; Investment & Operations (led by Patrick Domingos-Tembwa), Market Transformation (led by Emma Harrington up to October 2019 and since then Lucy Livesley), Finance & Corporate Services (led by Michele Pietsch up to November 2019 and since February 2020 by Noel Grace) and Corporate Planning (led by Mark Atterton). An independent staff survey

Report of the trustees for the year ended 31 March 2020 (continued)

Strategic Report (continued)

conducted in February 2020 demonstrated positive results with staff highly motivated to deliver our objectives. Recruitment to strengthen the team and drive forward our strategy has increased staffing from 30 to 37.

We have partnered with two new Indian organisations this year, taking our total number of partners to 13. Both are strategically aligned to our mission and indicative of a growing investable pipeline. Alongside these new partners, we continue to work with existing partners to improve their operations and support programme delivery.

Achievements and Performance in the year

In the following section, we look at the key elements of the programme (Investment & Operations and Market Transformation) to give a flavour of our work over the past year.

Investment & Operations

Reall has continued to deliver on its mission, with numerous successes, such as:

- We approved projects to provide an additional 720 homes (including water, sanitation and electricity) which will benefit nearly 4,000 people. This brings the portfolio total to over 25,000 homes since 2010. This includes a project with new partner Janaadhar in India and an innovative community bridge-financing scheme in Philippines. The Philippines project will enable 70 community member's households to purchase land to construct new homes.
- Newly approved projects will directly create 3,600 jobs, this brings the total number created to around 55,000 jobs since 2010.
- Our partners completed 470 homes last year in Nepal, Philippines, Pakistan, Mozambique and Zimbabwe. The total number of completed homes since 2010 is now over 11,000.

We are developing country strategies for our priority countries. A set of stretching KPIs are in development to assess how effectively we are building and brokering to transform markets.

Across our network we have a wide range of partners who provide affordable homes (through both ownership and rental) and/or end-user financing. We continue to work closely with all our partners through Partner Development Plans with clearly defined improvement strategies. Several partners have experienced financial or governance issues across the year. We have continued to support them through targeted grant funding and technical support. We have a Transitions Unit to progress relationships with partners who are struggling to meet our minimum standards. This includes preparing for a responsible exit where appropriate. We constantly review the portfolio and where suitable revolve funds from stalled projects to ensure they can be utilised more productively in other areas to accomplish our purpose.

Market Transformation

To deliver our mission of market transformation requires us to attract new investments. To support our fundraising, we are using our credibility to improve our presence within the sector. Some of our key successes across 2019/20 are listed below:

- We established a dedicated Fundraising team to drive forward our medium to long term fundraising strategy.
- We developed and launched an interactive global impact data dashboard and conducted multiple impact studies across Africa and Asia.
- We launched Reall's new communications collateral including a new website and strategic use of social media channels.

Report of the trustees for the year ended 31 March 2020 (continued)

Achievements and Performance in the year (continued)

- We had a highly successful presence at WUF10, hosted by UN Habitat in February 2020, establishing ourselves as a leading sector voice (including an exhibition stand, two well attended networking events, seven speaking slots, three high-profile special sessions, roundtables and dialogue events).
- We attended and presented at various sector related engagements such as World Water Week, the African Union for Housing Finance conference, and the international affordable housing conference at the Bartlett School of Planning, UCL London.
- We won a highly competitive grant for innovation focused on end-user financing.
- We have published multiple articles in UK broadsheet newspapers and contributed to academic journals.
- We successfully executed Investor Forums in London and Stockholm with FCDO and Sida.

There are exciting discussions proceeding with a host of new potential investors, including governments, foundations and investment banks.

We continue to work with the network as a whole to explore ways to magnify our voice and increase our impact. We share and publicise our work and best practice wherever we find it, and champion the provision of globally affordable housing. Our astute use of evidence and a compelling proof of concept has led to substantially greater requests for our contribution to key events.

Financial review

The Statement of Financial Activities on page 20 sets out Reall's income and expenditure for the year ended 31 March 2020.

The financial position at the end of the financial year is strong with a significant cash balance carried forward at 31 March 2020. The year saw a slow level of partner disbursements as Reall introduced an improved investment decision making process and greater partner assurance to improve the quality of the partner network. There was a net increase in funds of £2.9 million (2019: decrease £6.6 million) with total reserves at the end of the year £36.4 million (2019: £33.5 million). New loans granted during the year amounted to £1.6 million and are shown on the Balance Sheet (2019: £3 million). Over time we are confident that this prudent approach will leave Reall better placed to develop our mission.

The Core funding element of the Sida contract has continued to support our operating costs as well as our work in two key areas:

- Developing the operational capacity of our partners to help them to be better governed, more self-sustaining and increasingly ready for local investments.
- Developing our in-house investment capacity and skills to support our work to attract new funding from impact investors and other similar organisations to reduce our reliance on FCDO and Sida in the future.

We have continued to support our partners with technical assistance and additional capacity funding to enable them to continue to operate. The year also saw the first year of our new assurance programme where each partner's operations were reviewed by our internal team and KPMG. We have made £0.9 million of new capacity grants which are included in the Statement of Financial Activities (2019: £1 million). As part of our long-term strategy we introduced a moratorium with partner loan repayments whilst we agreed new loan agreements and loan repayment timetables.

Reall advances loans to partners in local currency, which means that our loan portfolio is always subject to exchange rates fluctuations. We made an exchange rate loss of £0.6m this year (2019: £0.5m gain).

Report of the trustees for the year ended 31 March 2020 (continued)

Financial Review (continued)

The trustees recognise that Reall operates in high risk areas where the certainty of achieving the outcomes expected when loans are advanced is far lower than if we were operating in more developed countries. This means that there is also a greater need to recognise significant levels of loan impairment which could be released when outcomes are achieved. The catalytic nature of Reall's work means that a very low level of impairment would probably indicate an insufficient level of innovation and risk in our operations.

During the year we have taken over direct management of two partially completed projects in Burkina Faso and Ghana where the original construction projects had stalled. Following a procurement review we have engaged with local contractors to complete the works. Our intention is to sell the houses built and a sales programme has been developed. The value of the work completed is shown in note 15 under assets under construction after consideration of any impairment against the value of the work in progress.

Comparing this year to last year on a regular basis there was an improvement in the level of impairment provision, but we have given additional consideration to the impact of Covid-19 on our partners. The consideration of the impact of Covid-19 was very challenging with the pandemic increasing in Africa and Asia, but in view of uncertainty we have provided for an additional £2.7 million. Offsetting this in year is a release of previous impairment provision of £0.9m due to improvements in our partner's position. Therefore, the final impairment percentage is 43%.

Without that Covid-19 provision the impairment percentage would have been 38% compared to 41% last year.

In summary, the loan balance movement in the year is set out below:

	Gross	Impairment provision	Net
	£million	£million	£million
As at 1 April 2019	46.5	(18.9)	27.6
New loans in year	1.6	-	1.6
New impairment in year	-	(1.8)	(1.8)
Net repayments and recycling in year	-	-	-
Exchange loss in year	(0.6)	-	(0.6)
Capacity loans converted to grant in year	(0.1)	0.1	-
As at 31 March 2020	47.4	(20.6)	26.8

We continue to ensure we achieve value from all our investments in partners and our operational costs. In this financial year we have invested in building operational capacity to prepare for our next period of growth and to increase the quality of our oversight and development of partners. This included new staff resources in managing legacy partners and the development of an in-house assurance team. Overall support costs were £2.4 million (2019: £1.7 million) and operational costs £0.9 million (2019: £0.6 million).

Reserves Policy

The level of reserves is monitored through Reall's planning, budgeting and forecasting processes including through the approval of the annual budget before the beginning of the new financial year and monthly financial performance monitoring.

All commitments under legally binding programme expenditure will only be entered into after confirmation that funds to meet that obligation are secured and available.

Report of the trustees for the year ended 31 March 2020 (continued)

Financial Review (continued)

The policy statement and the calculation of reserves balances will be disclosed in the statutory accounts and will be subject to audit.

The calculation of reserves balances will be presented to trustees for approval, prior to inclusion in the statutory accounts.

The trustees formally review the reserve levels of the charity annually. The review encompasses the nature of the income and expenditure streams, the need to match income with commitments and the nature of the reserves. In the opinion of the trustees, the key reserves of the charity are the unrestricted reserves together with the restricted reserves.

Reserves are held to cover delays in the renewal of key funding streams as well as to provide a cushion for any unexpected emergencies in their operations.

It is the Board's policy to carry forward, from one year to the next, a sufficient amount in the combined General Unrestricted and Restricted Reserves an amount which, in the opinion of the Trustees, will cover the costs of continuing to operate for a period of 12 months, in the event of a material decrease or shortfall in Reall's income arising from an end to agreed funding streams for the programme. These "available reserves" will also include any unspent funds carried forward as at the year-end and will deduct loan balances and any other illiquid assets.

On this basis, available reserves therefore amount to the following at 31 March:

	2020	2019
	£million	£million
Total unrestricted reserves	0.5	0.4
Total restricted reserves	35.9	33.1
Total reserves	36.4	33.5
Total loan book	(26.8)	(27.6)
Available reserves	9.6	5.9

The latest financial forecast shows the following:

Financial Commitments 2020/21	£million	£million
Operational Costs	5.3	
Committed expenditure	3.3	
Total commitments		8.6
Uncommitted		4.8

These amounts are before consideration of amounts receivable from Sida under our contract through to March 2023 of £5.6 million per year.

Donations and Fundraising

Reall is not dependent upon general fundraising and donations to enable it to carry out its core work. As such, it does not campaign for funds either directly or indirectly or use professional fundraisers, and therefore there is no non-conformity with any standards, nor activity to monitor. Based on there being no fundraising activities, Reall is satisfied that the public are not impacted by any fundraising approaches or pressures and has had no complaints. Reall still continues to receive nominal amounts of unsolicited donations raised by other organisations, who have chosen Reall as a beneficiary of their own charitable

Report of the trustees for the year ended 31 March 2020 (continued)

Financial Review (continued)

activities. These funds are treated as General Unrestricted funds within the Statement of Financial Activities.

Grants and Investment policy

Reall provides loans and grants to its international partner organisations for work that supports the objectives, vision and mission of the charity. The international policy provides a framework for grant giving and investment as well as informing our research, consultancy and advocacy work. In particular, Reall will:

- Provide loans and grants to partners for initiatives that have the potential to scale up, attract other funding and influence policy and practice.
- Make loans available for partners' initiatives only where other sources of finance are not available or appropriate.
- Loans are converted to grants where there is no possibility of recovery of outstanding loan amounts but where there are completed projects of at least equivalent value to the original loan granted.
- Make grants and loans to partners for initiatives within the context of a broader strategic partnership between Reall and the partner.
- Provide grants where a partner is affected by a disaster or emergency which affects the ongoing work of the partner.

Future Plans

The Board approved a full year budget for the year ending 31 March 2021 and an indicative budget for the year to 31 March 2022 in March 2020. At the time of the budget setting the initial impact of Covid-19 was being felt in the UK and subsequently developed across our operational areas in Africa and Asia. Consequently, a revised forecast and cash flow for the year to 31 March 2021 was prepared and approved by the Board in May 2020.

This forecast includes £5.6m from Sida in the second year of our four-year agreement and £1.5 million from FCDO carried forward from 31 March 2020, other income from partner loan repayments and remedial projects of £6.8 million and programme investment at £10.9 million. The forecast shows a healthy financial position through to 31 March 2021 and beyond. The Board considered a series of stress tests of the financial plans at their May 2020 meeting and this demonstrated that Reall's financial position had sufficient resilience to withstand any major impacts of Covid-19.

We have launched our 5-year corporate strategy for 2020–2025 and this sets out Reall's goal to build an affordable homes movement that improves the life chances of 100 million people in urban Africa and Asia, by 2030. This ambitious target represents a small proportion of the need with urbanisation increasing across Africa and Asia.

Reall aims to crowd in the private sector and deliver economic development outcomes through a commercially viable \$10k home and offering solutions to make urbanisation work for the poorest 40% across emerging markets in Africa and Asia. We are poised to scale up so that by the end of 2024, we will realise the ambitions of build and broker:

- Proving that affordable homes can be delivered for the bottom 40%, including commercial and environmental viability at \$10k.
- Transforming markets by engaging others, drawing on evidence and making strategic interventions to enable 10 million people in the bottom 40% to have an affordable home.

Report of the trustees for the year ended 31 March 2020 (continued)

Financial Review (continued)

We have also set out our Operating Plan for the year ending 31 March 2021 and this has the following key objectives and projects:

- Fundraising: Secure at least £5.5m new funding, with agreements in place to reach £20m p.a. from 2021/22 and existing Sida and FCDO contract needs met.
- Build: Robust Partner Development Plans help deliver 1,000 homes including watsan and services with a minimum of 10% at \$10k, and an improving portfolio performance capable of at least 3,000 commercially and environmentally viable homes in 2021/22.
- Countries: 6 Country Strategies drive a focus on brokering to transform markets and determine resource allocation decisions for bottom 40% of the income pyramid with baseline market shaping indicators.
- Brokering: Influencing global dialogue on social and economic benefits of Affordable Housing as a resilient, investable and sustainable solution to urban growth and vulnerability including Covid-19.
- Climate: Climate smart approach integrated into all build and broker investments with a minimum of 20% EDGE-certified homes. Organisation carbon footprint understood and a plan in place to reduce it by 30% by 2023.
- Transitions: Transition projects and partners have a responsible exit.
- Culture: Relentless focus on organisational culture including commitments to engagement in decision making processes, communication, systems efficiency, diversity, risk management, learning and value for money in decision making.

Pensions

The charity participates in three schemes under the Social Housing Pension Scheme ("SHPS") that are managed by The Pensions Trust. The SHPS is a multi-employer scheme which provides benefits to some 500 non-associated employers. Two schemes are Defined Contribution Schemes; Reall's designated Auto-Enrolment Scheme and Reall's Higher Rate Defined Contribution Scheme and the other scheme is a closed Defined Benefit Scheme.

The charity was advised on 18 June 2018 that, following the annual financial risk assessment of members of the SHPS Defined Benefit ("DB") Scheme, Reall had been classed as a "Higher Risk" employer. This means that Reall was required to cease DB accrual and transfer all members of the DB scheme to an alternative Defined Contribution ("DC") scheme with effect from 1 October 2018. Reall already had a DC scheme within the SHPS arrangement and the affected members transferred to a new section of that scheme maintaining the same contribution as the DB scheme. The Reall DB scheme was therefore closed as at 30 September 2018. The charity continues to be responsible for the deficit within the DB scheme in relation to the 8 affected current employees and the 39 deferred members and pensioners. This means that deficit contributions will continue to be paid for as long as they remain due.

For financial years ending on or after 31 March 2019, it is now possible to obtain sufficient information to enable the charity to separately identify the liabilities of the defined benefit scheme. An actuarial valuation of the scheme was carried out as at 30 September 2019 to inform the liabilities for accounting year ends from 31 March 2020 to 28 February 2021 inclusive.

The deficit in the scheme has reduced significantly to £404,000 (2019: £812,000). The reduction in FRS 102 liabilities is a combination of how the liabilities are measured through corporate bond yields which have been stable during the year whilst asset valuations have risen.

Further details of the change are set out within Accounting Policies on page 26 and note 20 to these accounts.

Report of the trustees for the year ended 31 March 2020 (continued)

Financial Review (continued)

Principal Risks and Uncertainty

Reall has continued to improve its risk management policies and practices to ensure that we continue to successfully manage the challenging political and economic environments in the regions in which we operate.

The Corporate Risk Register is the key risk management tool used by Reall for risk management. The Reall Executive Management team review the register monthly and the Board review it at each of their meetings. We have updated the Corporate Risk Register during and subsequent to the financial year so as to ensure that all key risks are identified, clearly communicated and internal controls are in place to manage risks.

Reall also has a dedicated internal assurance team that works closely alongside KPMG our co-assurance partner. Each partner is subject to an assurance review each year and there is a programme of control reviews of Reall's internal systems. The results of the reviews in 2019-20 showed that some partners had weaknesses in internal control systems and required significant support from Reall, although all engaged well with the process and are keen to improve. These outcomes are not surprising, and as recognised through our internal evaluations a significant element of the partner network would not meet our current investment criteria. Our new operating approach and introduction of higher quality partners will take time to feed through into better results from assurance reviews.

The nature of Reall's business, its mandate, its funding and the markets in which it operates mean that there are several inherent operational and business risks including the following:

- Funding risk – Reall currently has two major donors – the Swedish International Development Agency (Sida) and the UK's Foreign, Commonwealth and Development Office (FCDO). The FCDO funding agreement concluded in February 2020 but with funding of £1.4 million continuing into the year to 31 March 2021. Reall has a 4-year funding agreement from May 2019 with Sida amounting to £23million. Reall recognises the risks of having a small number of donors and has strengthened the resources within the Fundraising team with the objective of securing additional sources of long-term funding. A number of ongoing discussions and proposals for significant funding are underway.
- Financial risk – Reall performs its work of building houses for the “bottom 40%” through a network of delivery partners in Africa and Asia. Reall provides loan funding to these organisations with an agreement that repayments to Reall will be made once the partners have built and sold the houses. Reall has an extensive due diligence and partner management framework including a dedicated Investment Committee to review all proposals before seeking Board approval. In addition, all partner investments are subject to legal agreements and regular credit control on loan repayments.
- Foreign exchange risk – Our loan portfolio is denominated in a range of currencies across a wide range of countries throughout our operating areas. Reall bears the foreign exchange risk on most of these loans, where in many cases the exchange rates can be very volatile – this means that the impact can be either positive or negative. For each significant investment from April 2020 onwards, consideration is given as to currency risk exposure and evaluation of hedging instruments that could be put in place.
- Health and Safety risk – Due to our areas of operation, visits to international partner organisations and their sites present risks to Reall staff that are above regular business travel risk. Reall has a range of bespoke safety arrangements that are in place and all staff required to travel receive full guidance on their induction which is updated subsequently as required.

Report of the trustees for the year ended 31 March 2020 (continued)

Financial Review (continued)

- Reputational risk – Actions taken by Reall’s international partners have the potential to damage the reputation of Reall UK. In response Reall has developed and improved several key policies. These policies included risk management, safeguarding, modern slavery, fraud and whistleblowing and anti-terrorist funding, etc. Relevant training has also been provided to employees and/or partner organisations.

The Board have considered the major risks to which the organisation is exposed and the systems and processes in place to minimise these risks and consider that they are sufficient to protect the organisation.

Audit Committee

In May 2020 the Board approved the formation of an Audit Committee consisting of non-executive members. The formation of the Audit Committee will enhance the governance oversight of finance, assurance and risk management and will report the work of the Committee to the Board in accordance with the governance timetable of meetings. The Board will retain overall responsibility for the internal controls framework.

Directors’ Report

Structure, governance and management

Governing document

Reall was incorporated as a company limited by guarantee on 12 May 1992. It is governed by its Articles of Association, as amended by special resolutions, most recently on 5 December 2018.

The revision of the Articles of Association that was completed in December 2018 made a number of changes to the way trustees are appointed and can be removed, but the primary change was to close down our existing membership scheme as it no longer reflected the way in which Reall was operating. Those members (both corporate and individual) that wished to maintain links to Reall have become “Friends of Reall” and they continue to receive regular news updates about our work with our partners overseas, but this has no legal status. Our Trustees, who automatically become Members of Reall on appointment are now our only Members.

Appointment of trustees

Reall is governed by a Board who are directors of the company for the purposes of the Companies Act and trustees in charity law (“the Board” or “trustees”). Under the revised Articles of Association, the Board is formed from the trustees, who are independently appointed and consists of no less than 3 members (but no maximum number). Trustees are each appointed for a maximum of 6 years (in 3-year terms), with the exception of the Chair, who can serve a maximum of 7 years. They may not then return to the Board for a period of 3 years. The Board are empowered to co-opt further members taking account of the skills needed up to the maximum of 5 Board members. The Chair is then elected by the Board.

Organisation

The Board currently meets formally every two months and also set aside a day for strategic review. They also attend sub-groups and Committees as required. At Board meetings, the trustees agree the corporate strategy and areas of activity for the organisation, including the consideration of reserves, risk management policies and performance. The strategy review each autumn involves staff and the Board.

Report of the trustees for the year ended 31 March 2020 (continued)

Directors' Report (continued)

Outcomes from this exercise feed into business planning and staff development processes as well as the annual operating plan and budget, which is approved by the Board in March.

The Board carry out a self- assessment each year of how the Board has been operating and to identify any gaps in the governance framework. In May 2020 the Board approved the creation of an Audit Committee. After recruitment of Committee members, the Committee will go live in early 2021.

The Chief Executive is appointed by the trustees to manage the day-to-day operations of Reall, subject to the direction of the Board and any restrictions set out within the Articles of Association. To facilitate effective operations, the Chief Executive has delegated authority, as set out in the Schedule of Delegated Authority, for all operational matters including finance, employment and operations.

Directors and trustees since 1 April 2019:

Name	Specialism	
Chris Loughlin (Chair)	Organisational leadership, regulation and investor relations, government and policy	Chair from 1 November 2019
David Orr (Former Chair)	Advocacy and organisational leadership, housing, policy influence	Retired 31 October 2019
Steven Troop	Treasury management, investment and banking	
Kate Wareing	Organisational leadership, strategy development, housing and international development	
Diana Mitlin	Urban housing development and governance, academia, research, emerging markets	
Paul Hackett	Construction, organisational leadership and governance, investment and housing	
Andrea Marmolejo	Emerging and frontier financial markets Asia and Africa, impact investment	
Letty Chiwara	Urban development in Africa housing and poverty alleviation	Resigned 3 July 2019
Shantanu Bhagwat	Venture capital and social enterprise, government relations, investment	Resigned 18 July 2019

Trustee induction and training

All newly appointed trustees follow a standard induction process that includes an initial meeting with the Chief Executive as well as the completion of a skills analysis to establish the specialism that the new member brings to the Board. A formal induction pack provides information on Reall's background and aims, its legal and governance structure and staffing structure. Members receive briefings from staff on relevant changes to legislation and the impact that this has on the activities of the organisation or the way in which they carry out their role.

Report of the trustees for the year ended 31 March 2020 (continued)

Directors' Report (continued)

Board members play an active role in attending forums and events including with key donors and other stakeholders. Training is provided to Board members as required and the governance system Diligent has a reading room where articles and research material are stored for access by the Board.

Third Party indemnity provision for directors

Qualifying third party indemnity provision is in place for the benefit of all trustees of Reall.

Remuneration

None of the trustees receives any remuneration or other benefit from their work with Reall. They are entitled to receive expenses to reimburse them for the costs of carrying out their role as trustees.

Pay policy for senior staff

The directors consider that the Board, who are the trustees of Reall, and the senior management team (as set out in the table below) comprise the key management personnel in charge of directing and controlling, running and operating Reall on a day-to-day basis.

The pay of the senior staff is reviewed regularly following a formal review carried out by external consultants, considering benchmarking against similar organisations and the salary market more generally. The remuneration of the senior management team is detailed in note 9 to these accounts.

Senior Management Team

Ian Shapiro	Chief Executive	
Patrick Domingos-Tembwa	Director of Investment & Operations	
Lucy Livesley	Director of Market Transformation	Appointed 1 November 2019
Emma Harrington	Director of Market Transformation	Resigned 31 October 2019
Mark Atterton	Director of Corporate Planning	
Noel Grace	Director of Finance and Administration	Appointed 24 February 2020
Michele Pietsch	Director of Finance and Administration	Resigned 29 November 2019
Karen Preece	Director of Finance and Administration	Resigned 4 June 2019

Relationships with other organisations

Although, as indicated above, Reall is committed to achieving its objectives through partnership with other organisations, other than through its investments in certain companies as set out in note 12, it is not directly connected with any other charities or similar organisations.

Donations in kind

Reall is not dependent upon the services of unpaid volunteers. It has benefited from certain voluntary services, primarily uncharged professional advice and assistance from supporting organisations and individuals. Such donations in kind are not included in the Statement of Financial Activities as they cannot be easily quantified and are not considered to be significant in the context of expenditure generally.

Report of the trustees for the year ended 31 March 2020 (continued)

Trustees' responsibilities in relation to the financial statements

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

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

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles of the Charities SORP;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to assume that the charity will continue in business.

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

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

Statement as to disclosure to our auditors

In so far as the trustees are aware at the time of approving our Trustees' Annual Report:

- There is no relevant information, being information needed by the auditor in connection with preparing their report, of which the auditor is unaware, and
- The trustees, having made enquiries of fellow directors that they ought to have individually taken, have each taken all steps that he/she is obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of the information.

The Report of the Trustees prepared under the Charities Act 2011, which also contains all information required in a Directors' Report by the Companies Act 2006, and the incorporated Strategic Report prepared under the Companies Act 2006, were approved by the Board of Trustees on 10 September 2020 and signed on behalf of the Trustees by:



Christopher Loughlin
Chair

10th September 2020

Independent Auditor's Report to the Trustees and Members of Reall Limited

Opinion

We have audited the financial statements of Reall Limited (the 'charitable company') for the year ended 31 March 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows 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, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2020 and of its 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 and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

We have been appointed auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report to you in accordance with regulations made under those Acts.

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 charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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.

Independent Auditor's Report to the Trustees and Members of Reall Limited (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 matter 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 Directors' Report and the Strategic Report prepared for the purposes of company law and included within the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report and the Strategic Report included within the Report of the Trustees have 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 Directors' Report and the Strategic Report included within the Report of the Trustees.

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if, in our opinion:

- the charitable company has not kept proper and adequate accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 16, 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 charitable company or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report to the Trustees and Members of Reall Limited (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 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 <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made exclusively to the members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charity's trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the members and the charity's trustees 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, its members as a body, and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Paul Oxtoby (Senior Statutory Auditor)

For and on behalf of RSM UK AUDIT LLP, Statutory Auditor

Chartered Accountants
St Philips Point
Temple Row
Birmingham
B2 5AF

30th September 2020

RSM UK Audit LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Statement of Financial Activities (including Income and Expenditure Account)
For the year ended 31 March 2020

		Unrestricted Funds General	Restricted Funds	2020 Total	2019 Total
	Notes	£	£	£	£
INCOME FROM:					
Donations and legacies	1	84,101	-	84,101	14,956
Charitable activities	1	3,500	9,298,523	9,302,023	3,539,731
Investments	1	568	62,361	62,929	90,965
TOTAL INCOME		88,169	9,360,884	9,449,053	3,645,652
EXPENDITURE ON:					
Raising funds	5	6,472	-	6,472	11,839
Charitable activities	6	25,904	6,889,306	6,915,210	9,698,798
TOTAL EXPENDITURE		32,376	6,889,306	6,921,682	9,710,637
Net income/(expenditure) for the year		55,793	2,471,578	2,527,371	(6,064,985)
Transfers between funds	22	-	-	-	-
		55,793	2,471,578	2,527,371	(6,064,985)
Other recognised gains/(losses)					
Initial recognition of multi-employer defined benefit scheme	20	-	-	-	(471,463)
Actuarial gains/(losses) in respect of pension scheme	20	4,639	355,361	360,000	(60,999)
NET MOVEMENT IN FUNDS		60,432	2,826,939	2,887,371	(6,597,447)
RECONCILIATION OF FUNDS:					
Balance brought forward at 1 April 2019		397,626	33,113,510	33,511,136	40,108,583
BALANCE CARRIED FORWARD AT 31 MARCH 2020	21/22	458,058	35,940,449	36,398,507	33,511,136

All income and expenditure is derived from continuing activities.

Balance Sheet as at 31 March 2020

Company registration Number: 2713841

		2020		2019	
	Note	£	£	£	£
Fixed assets					
Tangible assets	11		1,197,779		871,823
Investments:					
Joint ventures and associates	12		1,244,242		1,244,242
Programme Related Investments	13		28,573,947		29,081,801
Total fixed assets			<u>31,015,968</u>		<u>31,197,866</u>
Current Assets					
Debtors falling due within one year	14	82,906		59,033	
Assets Under Construction	15	386,936		-	
Cash at bank and in hand	19	<u>6,723,208</u>		<u>4,272,918</u>	
Total Current Assets		<u>7,193,051</u>		<u>4,331,951</u>	
LIABILITIES					
Creditors falling due within one year	16	<u>(902,275)</u>		<u>(463,307)</u>	
Net current assets			<u>6,290,776</u>		<u>3,868,644</u>
Total assets less current liabilities			<u>37,306,744</u>		<u>35,066,510</u>
Creditors falling due after more than one year	17		(504,911)		(743,562)
Net Assets excluding pension liability			<u>36,801,833</u>		<u>34,322,948</u>
Net defined benefit pension scheme obligation	20		(403,326)		(811,812)
TOTAL NET ASSETS			<u><u>36,398,507</u></u>		<u><u>33,511,136</u></u>
FUNDS:					
Restricted funds	22		35,940,449		33,113,510
Unrestricted funds					
Unrestricted income funds	21		458,058		397,626
TOTAL CHARITY FUNDS			<u><u>36,398,507</u></u>		<u><u>33,511,136</u></u>

The notes and accounting policies on pages 23 to 59 form part of these accounts.

The financial statements were approved by the Board of Trustees and authorised for issue on 10th September 2020 and are signed on its behalf by:



Christopher Loughlin, Chair



Kate Wareing, Director

Statement of Cash Flows **For the year ended 31 March 2020**

		2020	2019
	Note	£	£
Cash flows from operating activities:			
Net cash generated by/(used in) operating activities	18	2,853,317	(3,047,550)
Cash flows used by investing activities			
Bank interest received		65,028	91,675
Purchase of tangible fixed assets		(365,721)	(12,886)
Sale of tangible fixed assets		1,364	50
		<u>(299,329)</u>	<u>78,839</u>
Cash flows (used in)/provided by financing activities			
Mortgage repayments		(50,617)	(44,046)
Mortgage interest paid		(11,749)	(18,037)
Repayment of HI Fund loans		(42,712)	(43,684)
		<u>(105,078)</u>	<u>(105,767)</u>
Change in cash and cash equivalents in the year		2,448,910	(3,074,478)
Cash and cash equivalents at the beginning of the year	19	4,272,918	7,347,396
Change in cash and cash equivalents due to exchange rate movements		<u>1,380</u>	<u>-</u>
Total cash and cash equivalents at the end of the year	19	<u>6,723,208</u>	<u>4,272,918</u>

Accounting Policies

The principal accounting policies adopted in the preparation of the financial statements are as follows:

General information

The charity is a company limited by guarantee and therefore has no share capital. It is a registered charity at the Charity Commission in England & Wales and the Scottish Charity Regulator (OSCR) in Scotland. The liability of each member in the event of a winding up is limited to £1. The address of the Charity's registered office and principal place of business is 6th Floor, Friars House, Manor House Drive, Coventry, UK, CV1 2TE.

Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – Charities SORP (FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Consolidated accounts incorporating the results of the entities in which Reall has an equity stake have not been prepared for the reasons outlined in note 12. The accounts presented are therefore the accounts of Reall Limited as a separate entity.

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

Reall 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 notes.

Going concern

Reall's business activities, its current financial position and factors likely to affect its future development are set out within the Report of the Trustees. Reall has in place sufficient financial resources to finance committed investment programmes, alongside the day-to-day operations. Reall has also carried out stress tests of its current investment programme and has demonstrated that Reall is in a financially sound position and achieves the internal reserves policy requirements.

On this basis, the Board has a reasonable expectation that Reall has adequate resources to continue in operational existence for the foreseeable future, being a period of at least twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

Income

Income is recognised when the charity has entitlement to the funds, any conditions of receipt have been met, it is probable that the income will be received, and the amount can be measured reliably.

- Voluntary donations are accounted for in the period in which they are received, or when deemed receivable through prior knowledge.
- Legacies are accounted for as soon as entitlement, probability of receipt and the amount can be measured reliably.
- Investment income is recognised on a receivable basis.
- Grants are recognised when there is a formal agreement in place with the relevant funding organisations and the conditions of the grant have been complied with. Any unutilised grants are reflected in restricted funds carried forward.

Accounting Policies (continued)

Expenditure

Expenditure is recognised as soon as there is a legal or constructive obligation committing the charity to the expenditure. The charity is not registered for VAT and consequently all costs are inclusive of VAT where applicable. Expenditure is classified under the following activity headings:

- Raising funds – include specific campaign and event costs and promotional material.
- Charitable activities – include grants made to international partner organisations to carry out work in line with our objectives. Grants paid in respect of the programme relate to expenses paid on behalf of partner organisations in relation to stakeholder events, low-value capital projects (where the partner is not sufficiently developed to be able to make loan repayments) and capacity building and project support. All other funds advanced to partners under the programme are made in the form of loans, which are referred to as Programme Related Investments for the purposes of these accounts.
- Charitable activities also include the direct costs of the investment programme. These direct costs include, for example, monitoring and evaluation (including our internal assurance programme), travel, consultancy fees, documentation production and legal fees. Our disbursements of funds in the form of loans to international partner organisations, whilst being for charitable purposes, do not appear under Charitable Activities in the Statement of Financial Activities. These disbursements appear on our Balance Sheet as Programme Related Investments and are further broken down in note 13.
- Support costs include staff and general overhead costs as well as direct governance costs. They are apportioned across the various areas of activity both restricted and unrestricted in the following manner:
 - Salary and related costs (pension, national insurance, etc.) are allocated on a percentage basis according to the amount of time spent in each area.
 - General overhead costs are allocated according to the total proportion of staff time spent in that area.
 - Governance costs include the costs associated with meeting constitutional and statutory requirements. This includes the costs of the annual audit as well as Board meetings and other Trustees' expenses.

Fund accounting

General Unrestricted Funds are available for use at the Trustees' discretion in furtherance of the charity's objectives. Restricted Funds are those donated and restricted for use in a particular area or for specific purposes.

Operating leases

All leases are "operating leases" and the annual rentals are charged to the Statement of Financial Activities on a straight-line basis over the lease term.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense. The holiday pay year for the charity ends on 31 December each year and employees are entitled to carry forward up to 10 days of any unused entitlement at the end of the calendar year. The cost of any unused entitlement is recognised in the period when the employee's services are received.

Foreign currencies

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the Balance Sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the Statement of Financial Activities.

Accounting Policies (continued)

Taxation

Tax recovered from voluntary income received under gift aid is recognised when the related income is receivable and is allocated to the income category to which the income relates. Reall was not VAT registered during the year ended 31 March 2020.

Tangible fixed assets

Tangible fixed assets are capitalised at cost and are depreciated over their useful economic lives as follows:

Land	Not depreciated
Buildings	- over 60 years (straight-line)
Computer equipment	- over 2 years (straight-line)
Furniture and fixtures	- 10% reducing balance

Joint ventures and associates

Joint ventures and associates comprise equity shareholdings in international partner organisations in furtherance of our aims. These shareholdings are generally made in sterling and disclosed at cost although the underlying shares are denominated in the relevant local currency.

Investments in these entities are reviewed on an annual basis to ensure that their carrying value reflects the underlying assets and liabilities of each entity. Provisions for impairment are made where necessary and are taken to the Statement of Financial Activities. It is the opinion of the trustees that cost less provision for impairment represents the best estimate of the carrying value of the investments as at the Balance Sheet date.

Assets Under Construction

These represent the value of building projects under construction by third party contractors at the lower of cost or realisable value after consideration of any impairment on the value of the work in progress.

Programme Related Investments

Programme Related Investments comprise loans issued to, and equity stakes in, international partner organisations for projects in furtherance of our aims. The majority of these loans or equity stakes are disbursed in the usual functional currency for the relevant partner.

Payments of the principal and any repayments of either principal or interest are initially disclosed in the Balance Sheet at cost using the exchange rate ruling at the date of the transaction. Exchange rate differences arising at the time of any repayment are taken to Charitable Activities in the Statement of Financial Activities.

Outstanding balances at the year-end are re-translated at the prevailing exchange rate at the Balance Sheet date, with any further exchange rate gains or losses also taken to the Statement of Financial Activities.

Due to the breadth of our loan portfolio across numerous countries there is the potential for material exchange rate fluctuations which could impact the total valuation of Programme Related Investments both positively and negatively. We monitor this on a cyclical basis throughout the year.

Each year, the Trustees consider the recoverable amount of each outstanding loan and make provisions for impairment based on a formal assessment carried out by management. Provisions for impairment are taken

Accounting Policies (continued)

to the Statement of Financial Activities. It is the opinion of the trustees that cost less provision for impairment represents the best estimate of the carrying value of the loans as at the Balance Sheet date.

Concessionary loans

Concessionary loans comprise Programme Related Investments and HI Fund loans included in creditors. The Programme Related Investments are initially recognised and measured at the amounts disbursed. The carrying amount is adjusted in subsequent years to reflect any repayments and accrued interest and is adjusted, if necessary, for any impairment.

Debtors

Other debtors and prepayments are recognised at the settlement amount.

Cash and cash equivalents

Cash and cash equivalents include cash and short-term liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Creditors and provisions

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

Financial instruments

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

Pension costs

The charity participates in the Social Housing Pension Scheme (SHPS) which is a multi-employer scheme which provides benefits to some 500 non-associated employers in the UK. The charity participates in two separate active defined contribution schemes and one closed defined benefit scheme within SHPS as follows:

Defined Contribution Scheme

This scheme acts as the auto-enrolment scheme for the charity and all employees are automatically enrolled in the scheme when they join unless they opt to join the Higher Rate Defined Contribution Scheme. Contributions are charged to the Statement of Financial Activities in the year they are payable.

Higher Rate Defined Contribution Scheme

This scheme replaced the Defined Benefit Scheme that the charity had been a member of for many years and is open to any employees who wish to join it instead of the auto-enrolment scheme. Contributions are charged to the Statement of Financial Activities in the year they are payable.

Defined Benefit Scheme

This scheme was open to any employees who wished to join it until 1 October 2018 when the scheme was closed to new accrual. The closure took place following the outcomes from the autumn 2017 employer risk assessment, which indicated that Reall did not have a strong enough covenant to maintain an active Defined Benefit scheme under the scheme provider's rules.

Accounting Policies (continued)

For the first time in the year to 31 March 2019, it was possible to obtain sufficient information to enable the charity to account fully for the scheme as a defined benefit scheme. The deficit on the scheme is reported as a Defined Benefit Pension Scheme obligation on the Balance Sheet.

The net defined benefit asset/obligation represents the present value of the defined benefit obligation minus the fair value of scheme assets out of which obligations are to be settled. The rate used to discount the benefit obligations to their present value is based on market yields for high quality corporate bonds with terms consistent with those of the benefit obligations. The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost. Net interest on the net defined benefit liability comprises the interest cost on the defined benefit obligations and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. These amounts are recognised within net income/expenses. Actuarial gains and losses and the difference between the interest income on scheme assets and the actual return on scheme assets is recognised in other recognised gains and losses.

Critical Accounting Estimates and Areas of Judgement

Estimates and judgements 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. 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 Trustees have identified that the estimates and assumptions that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities within the next financial year are as follows:

- Programme Related Investments – provisions for impairment

Provisions for impairment as set out in note 13 are made based on a formal review carried out by management which focuses on a range of factors including compliance with loan repayment terms, delays in project implementation and the organisational and financial stability of the partner as well as external factors such as policy change or political interference. This is also informed by the assessment carried out by the internal assurance team, supported by KPMG, and regular reviews of the expected outcomes of the project against the initial business case. All our partners are relatively new organisations, and their operations are generally reliant on a small number of key individuals. In general, the Trustees consider that Programme Related Investments have limited realisable value if they are not repaid in accordance with the terms on which the investment was made.

- Equity stakes in partners – non-consolidation

The charity has several equity stakes in partners as set out in note 12 – Joint Ventures and Associates. The charity considers the substance of each of these investments where the shareholding would generally require that the results and net assets of the partners to be consolidated into the accounts of the UK charity. Note 12 sets out the rationale for the non-consolidation of each of the relevant partner entities, with the trustees regularly review to confirm the position, and, as a result, has not produced consolidated accounts.

- Equity stakes in partners – Nepal

The charity has taken equity stakes in its partner in Nepal because the legislation in that country does not allow the partner to receive loans from the charity. Loans advanced by Reall to this partner are therefore recognised as equity in the accounts of our Nepalese partner. The Trustees consider that the substance of these transactions remains that of a loan investment rather than an equity investment for the reasons disclosed in note 12. The equity stake has therefore been assessed and subjected to impairment using the same accounting policies as other Programme Related Investments.

Accounting Policies (continued)

- Equity stakes in partners and joint ventures and associates – provisions for impairment

Provisions for impairment as set out in note 12 are made based on a formal review carried out by management, which focuses on the net assets underlying the investment as well as the general financial stability of the partner. In general, the Trustees consider that these equity stakes have limited resale value on the open market if they do not continue to operate in accordance with the basis on which the investment was made.

- Defined Benefit Pension Scheme liabilities

The charity, in conjunction with the scheme actuary, assesses the assets and liabilities of the scheme, and hence the net liability at each year-end using a number of key assumptions including mortality rates, discount rates, inflation and salary growth in order to establish the fair value of the assets and liabilities at the Balance Sheet date. Further information in relation to the assumptions used to evaluate the deficit as of 31 March 2020 is set out in note 20 to these accounts.

Notes to the Financial Statements for the year ended 31 March 2020

1 INCOME

	Unrestricted Funds	Restricted Funds	2020 Total	2019 Total
	£	£	£	£
Income from donations and legacies				
Membership fees	4,176	-	4,176	5,141
General Donations	20,958	-	20,958	9,815
Legacies	58,967	-	58,967	-
	<u>84,101</u>	<u>-</u>	<u>84,101</u>	<u>14,956</u>
 Investment income (note 4)				
Interest on deposit accounts	568	62,361	62,929	90,965
	<u>568</u>	<u>62,361</u>	<u>62,929</u>	<u>90,965</u>
 Income from charitable activities				
Grants receivable				
Statutory sources (note 2)	-	8,902,576	8,902,576	3,151,860
Trusts and foundations (note 3)	3,500	-	3,500	5,000
Other Donors		141,962	141,962	
Interest on loans	-	253,985	253,985	382,871
	<u>3,500</u>	<u>9,298,523</u>	<u>9,302,023</u>	<u>3,539,731</u>
 TOTAL INCOME	<u>88,169</u>	<u>9,360,884</u>	<u>9,449,053</u>	<u>3,645,652</u>

Notes to the Financial Statements for the year ended 31 March 2020 (continued)

1 INCOME (continued)

Alternatively, these income categories may be analysed across Reall's main activities:

	2020	2019
	£	£
Communities Programme	-	5,060
Partner Programme	9,359,672	3,624,305
HI Fund	1,212	967
Other restricted	-	-
Raising funds	88,169	15,320
	9,449,053	3,645,652

2 STATUTORY GRANTS RECEIVABLE

	2020	2019
	£	£
Investment Fund		
Foreign, Commonwealth and Development Office (FCDO)	3,516,680	-
Swedish International Development Co-operative Agency	5,385,896	3,151,860
	8,902,576	3,151,860

3 TRUSTS, FOUNDATIONS AND OTHER GRANTS

	2020	2019
	£	£
Comic Relief	-	5,000
Other trusts and foundations	3,500	-
Other Donors	141,962	-
	145,462	5,000

Notes to the Financial Statements for the year ended 31 March 2020 (continued)

4 INVESTMENT INCOME

Investment income consists of interest received and accrued on deposits with UK banks

	Unrestricted Funds	Restricted Funds	2020 Total	2019 Total
	£	£	£	£
Interest on deposit accounts				
- Investment Fund	-	61,149	61,149	89,574
- Communities Fund	-	-	-	60
- HI Fund	-	1,212	1,212	967
- Other	568	-	568	364
	<u>568</u>	<u>62,361</u>	<u>62,929</u>	<u>90,965</u>

5 EXPENDITURE ON RAISING FUNDS

	Unrestricted Funds	Restricted Funds	2020 Total	2019 Total
	£	£	£	£
Website costs	-	-	-	17
Other fundraising costs	370	-	370	1,992
Support costs (note 9)	6,102	-	6,102	9,830
Total cost of raising funds	<u>6,472</u>	<u>-</u>	<u>6,472</u>	<u>11,839</u>

Notes to the Financial Statements for the year ended 31 March 2020 (continued)

6 CHARITABLE EXPENDITURE

	Unrestricted Funds	Restricted Funds	2020 Total	2019 Total
	£	£	£	£
Communities Programme				
Grants paid (note 7)	-	-	-	1,274
Monitoring and evaluation costs	-	-	-	8,358
Support costs (note 9)	-	-	-	3,119
	-	-	-	12,751
CLIFF Programme				
Capital and Capacity Grants (note 8)	-	886,393	886,393	2,270,385
Direct operational costs	-	888,176	888,176	578,728
Support costs (note 9)	-	2,365,810	2,365,810	1,738,903
Exchange rate loss/(gain) on programme related loan and equity investments	-	579,101	579,101	(507,280)
Equity investment impairment	-	-	-	361,459
Loan and inventory impairment (net of capacity grant conversion)	-	2,169,826	2,169,826	5,074,963
	-	6,889,306	6,889,306	9,517,158
HI Fund				
HI Fund – exchange rate loss on loans repaid	-	-	-	-
HI Fund- Loan impairment	-	-	-	140,921
	-	-	-	140,921
Other				
Direct – interest payable on Reall Bond	1,054	-	1,054	4,100
Direct – governance costs	67	-	67	1,152
Support costs (note 9)	24,783	-	24,783	22,716
	25,904	-	25,904	27,968
	25,904	6,889,306	6,915,210	9,698,798

Notes to the Financial Statements for the year ended 31 March 2020 (continued)

6 CHARITABLE EXPENDITURE (continued)

The table below analyses expenditure by programme area:

	Grants Paid £	Direct Operational Costs £	Support Costs £	2020 £	2019 £
Communities Programme	-	-	-	-	12,751
Investment Programme	886,393	3,637,103	2,365,810	6,889,306	9,517,158
HI Fund	-	-	-	-	140,921
Other	-	1,121	24,783	25,904	27,968
	<u>886,393</u>	<u>3,638,224</u>	<u>2,390,593</u>	<u>6,915,210</u>	<u>9,698,798</u>

7 COMMUNITIES PROGRAMME GRANTS

	2020 £	2019 £
Grants paid:		
Centre for Community Organisation and Development (Malawi)	-	1,274
Total grants paid	-	1,274
Monitoring and evaluation	-	8,358
Support costs	-	3,119
Total cost of Communities programme	-	12,751

Notes to the Financial Statements for the year ended 31 March 2020 (continued)

8 INVESTMENT PROGRAMME GRANTS

	2020 £	2019 £
Grants paid:		
SPARC Samudaya Nirman Sahayak, Mumbai (India)	3,392	1,713
Linkbuild/Philippine Action for Community-Led Shelter Initiatives, Inc. (Philippines)	79,879	221,532
SEWA Nirman Private Limited (Nepal)	2,970	2,789
National Association of Co-operative Housing Unions (Kenya)	9,578	26,521
Sheltersol (Zimbabwe)	3,157	210,320
Enterprise Development Holdings (Malawi)	3,597	1,894
Development Workshop Angola/Habiteria (Angola)	4,704	47,652
Women Advancement Trust (Tanzania)	37,018	100,891
Millard Fuller Foundation (Nigeria)	3,713	55,093
Enterprise for Housing Development/Uganda Co-operative Alliance (Uganda)	22,233	41,594
Ansaar Management Company (Pakistan)	51,617	3,080
Casa Real (Mozambique)	219,339	88,655
Oakleaf/Kuyasa Fund (South Africa)	355,454	198,389
Lumanti (Nepal)	4,709	5,116
C.A.S.T.O.R Ingenierie Expertise (Burkina Faso)	2,194	-
Other Parties	1,368	-
Janaadhar (India)	1,331	-
Syntellect (India)	2,203	-
Total grants paid in year	808,456	1,005,239
Loans converted to grants:		
Linkbuild/Philippine Action for Community-Led Shelter Initiatives, Inc. (Philippines)	-	96,854
Sheltersol (Zimbabwe)	-	638,183
Enterprise Development Holdings (Malawi)	-	60,239
Water Sanitation for Africa (Burkina Faso and Ghana)	-	216,893
Women Advancement Trust (Tanzania)	-	25,657
Millard Fuller Foundation (Nigeria)	77,937	135,452
Enterprise for Housing Development/Uganda Co-operative Alliance (Uganda)	-	91,868
Total capacity loans converted to grants in year	77,937	1,265,146
Total grants charged in year	886,393	2,270,385
CLIFF – Direct operational costs	888,176	578,727
CLIFF – Support costs	2,365,810	1,738,903
CLIFF – Exchange rate (gain)/loss on programme related loan and equity investments	579,101	(507,280)
CLIFF – equity investment impairment	-	361,459
CLIFF – Loan impairment	2,169,826	5,074,963
Total costs of Investment programme	6,889,306	9,517,158

Notes to the Financial Statements for the year ended 31 March 2020 (continued)

8 INVESTMENT PROGRAMME GRANTS (continued)

Capital funds are predominantly given to partners as loans rather than grants unless the circumstances of the partner indicate that grant funding would be more appropriate. These amounts appear as Programme Related Investments on the Balance Sheet (note 13). Grants therefore relate principally to expenses paid on behalf of partner organisations in relation to stakeholder events totalling £ 61,996.62, capacity building grants totalling £ 700,680.27 (to 6 partners) and project grants for new partners and new initiatives totalling £ 123,716.38 (to 2 partners).

9 SUPPORT COSTS

The total support costs incurred during the year may be analysed as follows:

	Personnel Costs £	Office Costs and Depreciation £	2020 Total £	2019 Total £
Charitable expenditure (note 6)				
Communities programme support costs	-	-	-	3,119
Programme support costs	1,893,527	472,283	2,365,810	1,738,903
Other unrestricted	19,836	4,947	24,783	22,716
	<u>1,913,363</u>	<u>477,230</u>	<u>2,390,593</u>	<u>1,764,738</u>
Raising funds (note 5)				
Support costs	4,884	1,218	6,102	9,830
Total support costs	<u>1,918,247</u>	<u>478,448</u>	<u>2,396,695</u>	<u>1,774,568</u>

Personnel costs include the following:

	2020 £	2019 £
Salaries and wages	1,593,952	916,822
Employer's social security	169,929	99,207
Pension costs	<u>75,935</u>	<u>78,136</u>
	<u>1,839,817</u>	<u>1,094,165</u>
Consultants and short-term personnel	<u>78,430</u>	<u>210,288</u>
	<u>1,918,247</u>	<u>1,304,453</u>

Key management personnel are those having authority and responsibility, delegated to them by the trustees, for planning, directing and controlling the activities of the charity. Remuneration for key management personnel, including employer's national insurance contributions and contributions to the pension scheme, amounted to £643,557 for 8 employees (2019: £426,334 for 5 employees). During the year, termination payments amounting to £39,700 (2019: £nil) were paid.

Notes to the Financial Statements for the year ended 31 March 2020 (continued)

9 SUPPORT COSTS (continued)

The highest paid employees are as follows:

Band (excluding pension contributions)	Number 2020	Number 2019	Pension contributions 2020 £	Pension contributions 2019 £
£140,000-£149,999	1	-	30,635	-
£120,000-£129,999	-	1	-	12,317
£80,000-£89,999	2	-	19,906	-
£60,000-£69,999	3	3	7,644	19,739
			58,185	32,056

The average number of employees during the year was 32 (2019: 21).

All Trustees give all of their time freely and no director (or person connected to any trustee) received remuneration in the year. Expenses have been paid to eight (2019: four) directors totalling £1,802 (2019: £1,238) during the year. This was to cover their travelling expenses incurred in attending meetings of the charity. Directors' Liability Insurance has been paid on behalf of the directors amounting to £779 (2019: £649).

10 NET EXPENDITURE

	2020 £	2019 £
Net expenditure includes charges/(credits) for:		
Interest payable on Reall bond	1,054	4,100
Interest payable on mortgage	11,749	18,037
Interest expense – Defined Benefit Pension liability	19,000	20,000
Auditor's remuneration – audit services	21,300	18,900
Auditor's remuneration – other services	4,500	4,200
Depreciation	39,568	40,212
(Profit)/loss on disposal of tangible fixed assets	(1,185)	320
Operating leases – plant and machinery	15,734	1,935

Notes to the Financial Statements for the year ended 31 March 2020 (continued)

11 TANGIBLE FIXED ASSETS

	Land	Buildings	Computer Equipment	Furniture & Fixtures	Total
	£	£	£	£	£
Cost					
As at 1 April 2019	240,000	490,000	52,862	224,564	1,007,426
Additions	-	-	27,841	337,880	365,721
Disposals	-	-	(2,495)	-	(2,495)
As at 31 March 2020	<u>240,000</u>	<u>490,000</u>	<u>78,208</u>	<u>562,444</u>	<u>1,370,652</u>
Depreciation					
As at 1 April 2019	-	24,500	45,789	65,314	135,603
Charge for the year	-	8,167	14,005	17,414	39,586
Disposals	-	-	(2,316)	-	(2,316)
As at 31 March 2020	<u>-</u>	<u>32,667</u>	<u>57,478</u>	<u>82,728</u>	<u>172,873</u>
Net Book Value					
As at 31 March 2020	<u>240,000</u>	<u>457,333</u>	<u>20,730</u>	<u>479,716</u>	<u>1,197,779</u>
As at 31 March 2019	<u>240,000</u>	<u>465,500</u>	<u>7,073</u>	<u>159,250</u>	<u>871,823</u>

These assets are used for administration and for the direct charitable purposes of the charity. Individual assets are not allocated to specific purposes.

The land and buildings relate to our former office premises which were sold on 3 August 2020. The building was purchased with the benefit of a mortgage, which was secured on the building (see note 16), this mortgage has now been released on sale. No depreciation is charged on the value allocated to land. As at 31 March 2020 we had entered a lease for new premises. As at that date, £334,895 of office fit-out costs had been capitalised for the newly leased premises (see note 29 for future capital commitments).

Notes to the Financial Statements for the year ended 31 March 2020 (continued)

12 JOINT VENTURES AND ASSOCIATES

	Class of holding	Cost of investment £	Proportion held	Aggregate capital and reserves £	Results for the period £	Nature of business
Affordable Housing Solutions (incorporated in Tanzania)	Limited by guarantee	-	33%	(1,267)	(69)	Social rental housing
Lendco (incorporated in Tanzania)	Limited by guarantee	-	50%	-	-	Dormant
Sewa Nirman Private (incorporated in Nepal)	Limited	-	95%	3,743,083	(29,427)	Investment
Sheltersol Holdings (incorporated in Zimbabwe)	Limited	-	49%	(1,153,633)	(980,397)	Investment
Ansaar Management Company (Private) Limited (incorporated in Pakistan)	Limited	203,440	25%	300,296	146,288	Investment
Immersion Private (PVT) Limited	Limited	1,040,802	49%	516,356	934	Special purpose development
Oakleaf Investment Holdings 149 Proprietary Limited (incorporated in South Africa)	Limited	1,403,893	100%	(137,404)	(616,498)	Investment
Enterprise for Housing Development Uganda Limited (incorporated in Uganda)	Limited	-	49%	4,270	(5,805)	Investment
		<u>2,648,135</u>				

Reall has made loans or grants to these companies (except for Lendco, which has never traded) and these are recorded in Charitable Expenditure within the Statement of Financial Activities (grants) or in Programme Related Investments (note 13) (loans).

The figures for aggregate capital and reserves and results for the period set out in the table in this note have been extracted from the most recent unaudited management information available at the date of signing these financial statements – this is as at 31 March 2020 except for Sheltersol Holdings (September 2019), Oakleaf Investment Holdings (February 2019) Enterprise for Housing Development Uganda Limited (December 2018) and Affordable Housing Solutions (December 2019).

As at September 2020 an agreement is in place for the selling of the Immersion Private special purpose development investment. This is, however, denoted in local currency (PKR) and the value received for the settlement of the equity investment will be subject to exchange variations but is anticipated to fully settle our initial investment.

Notes to the Financial Statements for the year ended 31 March 2020 (continued)

12 JOINT VENTURES AND ASSOCIATES (continued)

In the case of Sewa, Nepalese law does not allow a Nepali entity to receive repayable loans (as is the usual practice for Reall) from a non-Nepali entity. In order to continue to invest in the Nepali partner, the funds advanced to Sewa have therefore been made in the form of part paid share capital and recorded as such in the books of Sewa. This means that Reall has a 95% equity stake in Sewa and as such it would be expected that the results of Sewa should be consolidated within the accounts of Reall. However, it is the opinion of the trustees, that there are substantial restrictions on our ability to do business in Nepal under our normal terms. It is their view that the substance of the relationship between Reall and Sewa is still one of loan provider/receiver and not one of parent and subsidiary. The basis for non consolidation is that Reall doesn't have control over the entity. The results of Sewa have not therefore been consolidated into the accounts of Reall and the amounts advanced have been separately shown as equity investments within Programme Related Investments. No other cost has been attributed to Reall's holdings in Sewa.

Reall invested funds in Oakleaf following the administration of its previous South African partner, The Kuyasa Fund. Reall is concluding the sale of its 100% shareholding to a newly established non-profit entity in South Africa. As at 31 March 2020 this transaction has not been completed, though is expected to do so in financial year 2020/21 and Reall remains the sole shareholder. The total shareholding will be donated to the non-profit entity. Based on its financial position, a 100% provision of £1,403,893 has been made as at 31 March 2020 against the carrying value of all of our shareholding in Oakleaf. The results of Oakleaf have not therefore been consolidated into the accounts of Reall on the basis that either the share transfer will go ahead or Oakleaf will go into administration

The movement in the carrying value of joint ventures and associates over the year is as follows:

	2020	2019
	£	£
Carrying value		
Gross investments:		
As at 1 April	2,648,135	2,648,135
Additions in year	-	-
As at 31 March	<u>2,648,135</u>	<u>2,648,135</u>
Impairment provisions:		
As at 1 April	1,403,893	1,042,434
Impairment provision in year	-	361,459
As at 31 March	<u>1,403,893</u>	<u>1,403,893</u>
Net book value as at 31 March	<u>1,244,242</u>	<u>1,244,242</u>

Notes to the Financial Statements for the year ended 31 March 2020 (continued)

12 JOINT VENTURES AND ASSOCIATES (continued)

At the end of the financial year, we have carried out an impairment review in respect of the carrying value of these investments. The review did not indicate the need for an additional impairment provision in respect of other investments in joint ventures and associates, except for Sewa where an impairment provision amounting to £ 2,518,387 has been made within Programme Related Investments (note 13).

The registered addresses of these joint ventures and associates are as follows:

Affordable Housing Solutions	P.O Box 31515, Dar es Salaam, Tanzania
Lendco	P.O Box 31515, Dar es Salaam, Tanzania
Sewa Nirman Private	Ward No 3, Lalitpur Sub-Metropolitan City of Lalitpur District, Nepal
Sheltersol Holdings	50 Bradfield Road, Hillside, Harare, Zimbabwe
Ansaar Management Company	31/10-A, Abu Bakr Block, New Garden Town, Lahore, Pakistan
Immersion Private (PVT) Limited	31/10-A, Abu Bakr Block, New Garden Town, Lahore, Pakistan
Oakleaf Investment Holdings	3 Wrensch Road, Observatory, Cape Town, Western Cape, 7925, South Africa
Enterprise for Housing Development	Uganda Co-operative Alliance Building, Plot 47/49 Nkrumah Road, Kampala, Uganda

13 PROGRAMME RELATED INVESTMENTS

	2020	2019
	£	£
Loans	26,810,013	27,571,852
Accrued interest on loans	1,763,934	1,509,949
	<u>28,573,947</u>	<u>29,081,801</u>

Notes to the Financial Statements for the year ended 31 March 2020 (continued)

13 PROGRAMME RELATED INVESTMENTS (continued)

LOANS	HI Fund £	Loan Fund £	Equity Investments £	Total £
Gross investments – loans:				
As at 1 April 2019	140,921	40,696,861	5,676,542	46,514,324
New loans advanced during the year	-	1,603,886	-	1,603,886
Loans converted to grant	-	(77,937)	-	(77,937)
Exchange rate loss on retranslation	-	(398,307)	(182,242)	(580,549)
As at 31 March 2020	<u>140,921</u>	<u>41,824,502</u>	<u>5,494,301</u>	<u>47,459,724</u>
Impairment provisions:				
As at 1 April 2019	140,921	16,553,465	2,248,086	18,942,472
Release of impairment provisions on loans converted to grant	-	(77,937)	-	(77,937)
Movement in provisions during the year	-	1,514,874	270,302	1,785,176
As at 31 March 2020	<u>140,921</u>	<u>17,990,402</u>	<u>2,518,388</u>	<u>20,649,711</u>
Net investments as at 31 March 2020	<u>-</u>	<u>23,834,100</u>	<u>2,975,913</u>	<u>26,810,013</u>
Net investments as at 31 March 2019	<u>-</u>	<u>24,143,396</u>	<u>3,428,456</u>	<u>27,571,852</u>

All loans are concessionary loans, with a typical term of 5-7 years. Loans advanced since the end of 2014 have generally been interest bearing at varying rates (generally between 5% and 6%). As at 31 March 2020, 52% (2019: 55%) of the current loan portfolio is interest bearing.

Notes to the Financial Statements for the year ended 31 March 2020 (continued)

13 PROGRAMME RELATED INVESTMENTS (continued)

Reall's loans are largely denominated in local currency and all exchange gains and losses are absorbed into/by the HI/Loans funding portfolio respectively. We operate in several countries with volatile currencies and as such the valuation of our loan portfolio can vary significantly over relatively short time periods. In the first 2 months of the new financial year, the portfolio made an exchange gain of £231k compared with the year-end position.

These recoverable amounts are subject to loan impairment (shown above).

Analysis of gross loans by debt maturity:	2020	2019
	£	£
Amounts payable:		
In one year or less or on demand	27,621,778	22,052,488
In more than one year but not more than two years	6,854,697	5,110,085
In more than two years but not more than five years	5,654,260	10,977,965
In five years or more	7,328,989	8,373,786
	47,459,724	46,514,324

Many loan repayments are recycled into future projects respectively rather than being repaid in cash. When this occurs, the amounts are shown as a repayment and a new loan is recorded to reflect the change in purpose of the loan. £nil of loans were recycled in this way during the current financial year (2019: £72,418).

As at 31 March 2020 we recognised an impairment provision of £20.6m (2019: £18.9m) against the recoverability of loans advanced to partner organisations through a formal assessment of the recoverability of our loan portfolio. Determining the amount of provision, which reflects the trustees' best estimate of the recoverability of these amounts requires significant judgement.

It is necessary therefore to form a view on matters which are inherently uncertain, such as the progress of the individual programmes, the receipts likely to be generated from future sales and increases in future costs incurred in the projects by partners.

The key drivers relating to the provision at 31 March 2020 and the work undertaken to assess them is set out below:

- Political and economic issues within each territory which impact the partners ability to deliver the project in line with the plan agreed or recycle funds back to the charity.
- Movements in income and expenditure which impact the expected return on the project.
- The ability of the project to deliver the planned number of units and revenue.
- The impact of Covid-19, causing delays to projects and causing increases in project costs.

The level of provision ranges from 8% to 100% depending on the assessment of each partner. Work is ongoing with all of our partners to improve their risk assessments.

Notes to the Financial Statements for the year ended 31 March 2020 (continued)

13 PROGRAMME RELATED INVESTMENTS (continued)

ACCRUED INTEREST ON LOANS

Movement on accrued interest on loans during the year was as follows:

	HI Fund £	Loans Fund £	Equity Investments £	Total £
Gross accrued loan interest:				
As at 1 April 2019	18,513	2,296,206	-	2,314,719
New accrued interest in year	-	677,100		677,100
As at 31 March 2020	<u>18,513</u>	<u>2,973,306</u>	<u>-</u>	<u>2,991,819</u>
 Loan Interest Impairment provisions:				
As at 1 April 2019	18,513	786,257	-	804,770
New provisions during the year	-	423,115	-	423,115
As at 31 March 2020	<u>18,513</u>	<u>1,209,372</u>	<u>-</u>	<u>1,227,885</u>
 Net accrued interest as at 31 March 2020	<u>-</u>	<u>1,763,934</u>	<u>-</u>	<u>1,763,934</u>
 Net accrued interest as at 31 March 2019	<u>-</u>	<u>1,509,949</u>	<u>-</u>	<u>1,509,949</u>

Notes to the Financial Statements for the year ended 31 March 2020 (continued)

14 DEBTORS

	2020	2019
	£	£
Prepayments and accrued income	82,212	55,931
Other	694	3,102
	82,906	59,033

15 ASSETS UNDER CONSTRUCTION

	2020	2019
	£	£
Balance as at 1 April 2019	-	-
Additions in year	849,523	-
Disposals in year	-	-
Impairment in year	(462,587)	-
Balance at 31 March 2020	386,936	-

Reall is currently considering a proposal from the local community credit union regarding the sale of the houses located in Ghana. Terms are to be finalised, but the current assumption is a repayment term of 60 months.

16 CREDITORS - amounts falling due within one year

	2020	2019
	£	£
Unpaid supplier invoices	331,187	77,403
Taxation and pension costs outstanding	22,672	16,237
HI Fund loans repayable (note 17)	320,500	148,000
Reall Bond loans repayable (note 17)	40,000	50,000
Interest on Reall Bond loans	2,471	2,861
Accruals	134,828	118,189
Mortgage liability (note 17)	50,617	50,617
	902,275	463,307

Notes to the Financial Statements for the year ended 31 March 2020 (continued)

17 CREDITORS: Amounts falling due after more than one year

	2020 £	2019 £
Mortgage liability		
Amounts payable after more than one year	442,027	492,644
HI Fund loans		
Johnnie Johnson Housing Trust	-	50,000
Magna Housing Group	21,000	21,000
MHS Homes	-	17,500
Notting Hill Housing Trust	-	110,000
The Sovereign Housing Group Ltd	10,000	10,000
Home Group Ltd	5,000	-
	36,000	208,500
REALL Bond loans		
B3 Living Housing	10,000	10,000
The London Housing Foundation	-	30,000
	10,000	40,000
Accrued interest payable		
Reall Bond loans with maturity dates greater than 1 year	1,150	2,418
Deferred Rent payable		
Deferred rent with maturity dates greater than 1 year	15,734	-
	504,911	743,562

Mortgage liability

Movement on Mortgage liability during the year was as follows:

	2020 £	2019 £
Balance as at 1 April 2019:		
Falling due within less than one year	50,617	50,025
Falling due after one year	492,644	537,282
Capital repaid	(50,516)	(44,046)
Balance as at 31 March 2020	492,745	543,261

The mortgage, that was taken out in August 2016 and relates to office premises for the charity, is secured on the building. The mortgage was advanced as two loans; £109,500 over a 5-year period with interest rates capped at 1% over base rate for the whole of the term and the second for £547,500 over a 20-year period with interest rates capped at 3% over base rate for the first 10 years of the term. Interest has been charged to the Statement of Financial Activities on a straight-line basis.

Notes to the Financial Statements for the year ended 31 March 2020 (continued)

17 CREDITORS: Amounts falling due after more than one year (continued)

Analysis of loan maturity	2020	2019
	£	£
Amounts payable:		
In one year or less or on demand	50,617	50,617
In more than one year but not more than two years	37,460	50,617
In more than two years but not more than five years	84,187	93,585
In five years or more	320,380	348,442
	<u>492,644</u>	<u>543,261</u>

HI/Reall Loans

Movement on HI/Reall loans during the year was as follows:

	2020	2019
	£	£
Balance as at 1 April 2019:		
Falling due within less than one year	198,000	78,000
Falling due after one year	248,500	408,500
New loans received	-	-
Loans repaid	(40,000)	(40,000)
Accrued interest payable	3,621	5,279
Balance as at 31 March 2020	<u>410,121</u>	<u>451,779</u>

The HI loans are not interest bearing and offer a range of maturity dates depending on the wishes of the investor but are generally repayable at the end of their term. Repayment is not due until the end of the agreed loan term.

The Reall Bond offers varying maturity terms (minimum 3 years) depending on the wishes of the investor. Interest is paid at a rate of 3% p.a., payable at maturity, unless the funder chooses to waive its right to interest. As at 31 March 2020, one funder has waived their right to interest amounting to £961 (2019: one funder waived interest amounting to £672).

Analysis of debt maturity	2020	2019
	£	£
Amounts payable:		
In one year or less or on demand	362,971	200,861
In more than one year but not more than two years	32,150	209,068
In more than two years but not more than five years	15,000	41,850
	<u>410,121</u>	<u>451,779</u>

Notes to the Financial Statements for the year ended 31 March 2020 (continued)

17 CREDITORS: Amounts falling due after more than one year (continued)

Movement on Deferred Rent during the year was as follows:

	2020	2019
	£	£
Balance at 01 April 2019		
Rent accrued during the year	15,734	-
Accrued rent utilised during the year	-	-
	<u>15,734</u>	<u>-</u>
	<u>15,734</u>	<u>-</u>
 Analysis of debt maturity	 2020	 2019
	£	£
Amounts payable:		
In one year or less or on demand	-	-
In more than one year but not more than two years	15,734	-
In more than two years but not more than five years	-	-
	<u>15,734</u>	<u>-</u>
	<u>15,734</u>	<u>-</u>

Reall have entered into a lease for new premises which began on 14 February 2020 for a period of 10 years. The lease allows for a reduced rent period of 20 months, the benefit of which is being spread over the life of the lease. The analysis of which is shown above.

Notes to the Financial Statements for the year ended 31 March 2020 (continued)

18 CASH PROVIDED/(USED IN) BY OPERATING ACTIVITIES

	2020	2019
	£	£
Net (expenditure)/income for the year (as per the Statement of Financial Activities)	2,887,371	(6,597,447)
Adjustments for:		
Depreciation	39,586	40,212
(Profit)/loss on disposal of fixed assets	(1,185)	320
Movement in pension provision	(408,486)	545,275
(Increase) in debtors	(25,971)	(24,946)
Increase/(decrease) in creditors	276,857	(51,179)
Interest receivable	(316,914)	(473,836)
Interest payable	1,054	4,100
Mortgage interest payable	11,749	18,037
Deferred Rent	15,734	-
CLIFF loan interest receivable	-	70,092
Issue of loans to partner organisations	(1,603,886)	(3,043,122)
Investment in Assets Under Construction	(849,523)	-
Repayment of loans from beneficiaries	-	105,790
Unrealised exchange rate losses/(gains) on Programme Related Investments	580,549	(483,335)
Exchange rate (gains) on cash and cash equivalents due to exchange rate movements	(1,380)	-
Equity investment impairment	-	361,459
Programme Related Investment impairment	2,247,762	6,481,030
Net cash generated/(used in) by operating activities	2,853,317	(3,047,550)

19 ANALYSIS OF CASH AND CASH EQUIVALENTS

	2020	2019
	£	£
Cash in hand and at bank	6,723,208	4,272,918
	6,723,208	4,272,918

Cash in hand and at bank includes an amount of £835,273 (2019: £787,714) deposited with banks in Nigeria. This cash cannot currently be transferred outside of Nigeria due to legal restrictions. Nigeria is one of our priority countries and we will reinvest these funds into future projects.

Notes to the Financial Statements for the year ended 31 March 2020 (continued)

20 PENSION COMMITMENTS

	2020	2019
	£	£
Net defined benefit pension obligation	<u>403,326</u>	<u>811,812</u>

The charity participates in three schemes under the Social Housing Pension Scheme ("SHPS") that are managed by The Pensions Trust. The SHPS scheme is a multi-employer scheme which provides benefits to some 500 non-associated employers. Two schemes are Defined Contribution Schemes; Reall's designated auto-enrolment scheme and Reall's Higher Rate Defined Contribution Scheme and the other scheme is a closed Defined Benefit Scheme.

Defined Contribution Scheme

This scheme was set up to enable Reall to meet its obligations with regard to auto-enrolment. The assets of this scheme are held separately from those of Reall and are administered separately from the assets of the Reall Defined Benefit Scheme. The pension charge represents contributions payable by Reall to the fund during the year and amounted to £13,359 (2019: £4,595). Contributions totalling £3,567 (in relation to the March 2020 payroll deductions) were due to the fund as at 31 March 2020 (2019: £1,738).

Higher Rate Defined Contribution Scheme

This scheme was set up to replace the closed Defined Benefit Scheme that the charity had been a member of for many years and is open to any employees who wish to join it instead of the auto-enrolment scheme. The assets of this scheme are held separately from those of Reall and are administered separately from the assets of the Reall Defined Benefit Scheme. The pension charge represents contributions payable by Reall to the fund during the year and amounted to £59,351 (2019: £21,674). Contributions totalling £12,650 (in relation to the March 2020 payroll deductions) were due to the fund as at 31 March 2020 (2019: £10,572).

Defined Benefit Scheme

The Defined Benefit ("DB") scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2017. This valuation revealed a deficit of £1.522m. A recovery plan has been put in place with the aim of removing this deficit by 30 September 2026.

The DB 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.

The assets of this scheme are held separately from those of Reall and are administered separately from the assets of the two Reall Defined Contribution Schemes. Contributions totalling £5,607 (in relation to the March 2020 deficit contributions) were due to the fund as at 31 March 2020 (2019: £3,572).

Notes to the Financial Statements for the year ended 31 March 2020 (continued)

20 PENSION COMMITMENTS (continued)

For financial years ending on or before 28 February 2019, it had not been possible for the charity to obtain sufficient information to enable it to account for this scheme as a Defined Benefit Scheme. Therefore, it accounted for the scheme as a Defined Contribution Scheme.

For financial years ending on or after 31 March 2019, it is now possible to obtain sufficient information to enable the charity to account for the scheme as a Defined Benefit Scheme. For accounting purposes, two actuarial valuations for the scheme were carried out with effective dates of 31 March 2018 and 30 September 2018. The liability figures from each valuation are rolled forward to the relevant accounting dates and are used in conjunction with the charity's share of the fair value of the scheme's total assets to calculate the charity's net deficit or surplus at the accounting period start and end dates. Similarly, an actuarial valuation of the scheme was carried out as at 30 September 2019 to inform the liabilities for accounting year ends from 31 March 2020 to 28 February 2021 inclusive.

Assumptions

	2020	2019
	% per annum	% per annum
Discount rate	2.33	2.40
Inflation (RPI)	2.51	3.20
Inflation (CPI)	1.51	2.20
Salary growth	2.51	3.20
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

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

	Life expectancy at age 65
	Years
Male retiring in 2020	21.5
Female retiring in 2020	23.3
Male retiring in 2040	22.9
Female retiring in 2040	24.5

Present values of defined benefit obligation, fair value of assets and defined benefit liability

	2020	2019
	£'000	£'000
Fair value of scheme assets	2,299	2,182
Present value of defined benefit obligation	2,703	2,994
Deficit in scheme	(404)	(812)

Notes to the Financial Statements for the year ended 31 March 2020 (continued)

20 PENSION COMMITMENTS (continued)

Reconciliation of opening and closing balances of the defined benefit obligation

Defined benefit obligation	2020
	£'000
At start of year	2,994
Current service cost	-
Expenses	5
Interest expense	72
Contributions by scheme participants	-
Actuarial losses (gains) due to scheme experience	60
Actuarial losses (gains) due to changes in demographic assumptions	(25)
Actuarial losses (gains) due to changes in financial assumptions	(372)
Benefits paid and expenses	(31)
At end of year	2,703

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

Scheme assets	2020
	£'000
At start of year	2,182
Interest income	53
Experience on scheme assets (excluding amounts included in interest income – gain (loss))	23
Contributions by the employer	72
Contributions by scheme participants	-
Benefits paid and expenses	(31)
At end of year	2,299

Statement of Financial Activities impact

	2020
	£'000
In expenditure:	
Current service cost	-
Expenses	5
Net interest expense	19
Recognised in expenditure	24
In other recognised (losses)/gains – Actuarial losses:	
Experience on scheme assets (excluding amounts included in interest income – gain (loss))	23
Experience on scheme liabilities – gain (loss)	(60)
Effect of changes in demographic assumptions underlying the present value of the defined benefit obligation – gain (loss)	25
Effect of changes in financial assumptions underlying the present value of the defined benefit obligation – gain (loss)	372
Recognised in other recognised gains/(losses)	360

**Notes to the Financial Statements for the year ended 31 March 2020
(continued)**

21 UNRESTRICTED FUNDS

The unrestricted funds are made up as follows:

	2020	2019
	£	£
General Unrestricted Funds	<u>458,058</u>	<u>397,626</u>

Notes to the Financial Statements for the year ended 31 March 2020 (continued)

22 RESTRICTED FUNDS

Restricted Funds are those donated and restricted for use in a particular area or for specific purposes:

	As at 31 March 2019	Other recognised gains	Income	Expenditure	Transfers between funds	As at 31 March 2020
	£	£	£	£	£	£
HI Fund	(281,242)	-	1,212	-	-	(280,030)
Programme Funds	32,924,154	355,361	9,359,672	(6,889,306)	(50,022)	35,699,859
Recycled Funds	470,598	-	-	-	50,022	520,620
	33,113,510	355,361	9,360,884	(6,889,306)	-	35,940,449

	As at 1 April 2018	Other recognised losses	Income	Expenditure	Transfers between funds	As at 31 March 2019
	£	£	£	£	£	£
HI Fund	(141,288)	-	967	(140,921)	-	(281,242)
Programme Funds	40,310,331	(515,690)	3,624,305	(9,517,158)	(977,634)	32,924,154
Recycled Funds	(430,688)	-	-	-	901,286	470,598
Communities Programme Funds	9,408	-	5,060	(12,751)	(1,717)	-
	39,747,763	(515,690)	3,630,332	(9,670,830)	(78,065)	33,113,510

Notes to the Financial Statements for the year ended 31 March 2020 (continued)

22 RESTRICTED FUNDS (continued)

The HI Fund comprises loans, donations, grants and accumulated interest received and held for the purpose of making or guaranteeing loans to Reall's partner organisations. The negative balance on this fund reflects the previous write-off of loans as well as the impairment shown as Programme Related Investments. In April 2020 we wrote to all lenders to ask if they will convert the loan into grant, and we have received a number of positive responses to date. Further details of the basis of these provisions are set out in note 13.

The investment programme is funded by FCDO, Sida with some limited contributions from General Unrestricted reserves. Reall co-ordinates the investment programme at the global/central level and development partners co-ordinate investment programme at the local level in the countries detailed in note 8.

During the year we did not receive investment programme loan repayments whilst we worked with partners to reschedule loans. Repayments are recycled back into achieving Reall's objectives and mission. These are presented separately in the table above under the heading recycled funds. This separation demonstrates the process by which donor funds previously disbursed as loans to projects are received back from partner organisations through loan repayments and which are then available for subsequent use by Reall. Whilst the recycled funds are to be used to deliver Reall's objectives and mission we have presently identified these as restricted funds, although this may be revisited in future years.

Notes to the Financial Statements for the year ended 31 March 2020 (continued)

23 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Restricted Funds £	Unrestricted Funds £	Total Funds £
As at 31 March 2020			
Tangible Fixed Assets	-	1,197,779	1,197,779
Programme Related Investments	28,573,947	-	28,573,947
Investments in Joint Ventures and Associates	1,244,242	-	1,244,242
Net Current Assets	6,568,161	(277,386)	6,290,776
Creditors: amounts falling due after more than one year	(62,884)	(442,027)	(504,911)
Net defined benefit scheme obligation	(383,018)	(20,308)	(403,326)
Net assets as at 31 March 2020	<u>35,940,448</u>	<u>458,058</u>	<u>36,398,507</u>
As at 31 March 2019			
Tangible Fixed Assets	-	871,823	871,823
Programme Related Investments	29,081,801	-	29,081,801
Investments in Joint Ventures and Associates	1,244,242	-	1,244,242
Net Current Assets	3,824,625	44,019	3,868,644
Creditors: amounts falling due after more than one year	(250,918)	(492,644)	(743,562)
Net defined benefit scheme obligation	(786,240)	(25,572)	(811,812)
Net assets as at 31 March 2019	<u>33,113,510</u>	<u>397,626</u>	<u>33,511,136</u>

24 MEMBERS OF THE COMPANY

The company is limited by guarantee and thus does not have any issued share capital. Each member guarantees during their membership and for one year after membership ceases, the sum of £1 to the company in the event of a winding up order. Details of members as at 31 March 2020 are included within the Report of the Trustees. Any surplus on winding up is to go to a charity whose objectives are of a similar nature.

Notes to the Financial Statements for the year ended 31 March 2020 (continued)

25 FINANCIAL COMMITMENTS

As at 31 March 2020, the charity had total future minimum lease payments due as follows:

	2020 Other £	2019 Other £
Payable:		
In less than one year	127,624	1,451
In two to five years	1,132,882	-
	<u>1,260,506</u>	<u>1,451</u>

Reall have entered into a lease for new premises which began on 14 February 2020 for a period of 10 years. The lease allows for a reduced rent period of 20 months, the benefit of which is being spread over the life of the lease. The value of the lease payments are reflected above.

26 CONTINGENT LIABILITIES

The charity receives significant income from institutional donors. The charity takes all reasonable steps to ensure it complies with the terms attached to the receipt of all income under funding agreements. However, the trustees recognise that there is a risk that some funding could become repayable if funds are not used in accordance with the terms of funding agreements but are not aware of any breaches of the terms which would require funds to be repaid to funders.

Notes to the Financial Statements for the year ended 31 March 2020 (continued)

27 RELATED PARTY TRANSACTIONS

The following transactions with joint ventures and associates as detailed in note 12 have taken place as set out below:

	Affordable Housing Solutions £	Sheltersol Holdings £	SEWA Nirman Private £	Ansaar Management Company (Private) £	Oakleaf Investment Holdings 149 Proprietary £	Enterprise for Housing Development Uganda £
2020						
Programme related Investments						
Gross interest-bearing loans	140,921	6,920,010	-	11,520,894	723,429	41,293
Gross equity investments	-	-	5,494,301	-	-	-
Impairment provision	(140,921)	(4,046,586)	(2,518,387)	(920,273)	(543,566)	(23,275)
Net loans as at 31 March 2020	-	2,873,424	2,975,914	10,600,621	179,863	18,018
<i>Interest rate payable</i>	5%	0-5%	4/5%	0-5%	0/7%	0-6%
Grants						
New grants	-	3,157	2,970	51,617	355,454	3,597
Total grants year ended 31 March 2020	-	3,157	2,970	51,617	355,454	3,597
2019						
Programme related Investments						
Gross interest-bearing loans	140,921	6,574,366	-	11,256,871	850,204	40,040
Gross equity investments	-	-	5,676,542	-	-	-
Impairment provision	(140,921)	(4,297,696)	(2,248,086)	-	(850,204)	(20,020)
Net loans as at 31 March 2019	-	2,276,670	3,428,456	11,256,871	-	20,020
<i>Interest rate payable</i>	5%	5%	4/5%	0-5%	0/7%	0-6%
Grants						
Capacity loans converted to non-repayable grants	-	638,183	-	-	-	91,868
New grants	-	210,320	2,789	3,080	198,389	41,594
Total grants year ended 31 March 2019	-	848,503	2,789	3,080	198,389	133,462

Notes to the Financial Statements for the year ended 31 March 2020 (continued)

28 FINANCIAL INSTRUMENTS

The carrying amount of the charity's financial instruments at 31 March was:

	2020	2019
	£	£
Financial assets:		
Cash	6,723,208	4,272,918
Concessionary loans measured at cost less impairment plus accrued interest	28,573,947	29,081,801
Total	<u>35,297,155</u>	<u>33,354,719</u>
Financial liabilities:		
Concessionary loans measured at cost plus accrued interest	356,500	356,500
Bonds measured at cost plus accrued interest	53,621	95,279
Mortgage Liability	492,644	543,260
Other measured at amortised cost	466,014	195,593
Total	<u>1,368,779</u>	<u>1,190,632</u>

29 CAPITAL COMMITMENTS

As at 31 March Reall had the following capital commitments:

	2020	2019
	£	£
Contracts for future capital expenditure not provided in the financial statements – fixed assets	<u>52,134</u>	<u>-</u>

Notes to the Financial Statements for the year ended 31 March 2020 (continued)

30 Statement of Financial Activities (including Income and Expenditure Account) For the year ended 31 March 2019

		Unrestricted Funds General	Restricted funds	2019 Total	2018 Total
	Notes	£	£	£	£
INCOME FROM:					
Donations and legacies	1	14,956	-	14,956	30,797
Other trading activities	1	-	-	-	(1,911)
Charitable activities	1	-	3,539,731	3,539,731	12,099,996
Investments	1	364	90,601	90,965	68,537
TOTAL INCOME		15,320	3,630,332	3,645,652	12,197,419
EXPENDITURE ON:					
Raising funds	5	11,839	-	11,839	16,723
Charitable activities	6	27,968	9,670,830	9,698,798	11,631,930
TOTAL EXPENDITURE		39,807	9,670,830	9,710,637	11,648,653
Net (expenditure)/income for the year		(24,487)	(6,040,498)	(6,064,985)	548,766
Transfers between funds	22	78,065	(78,065)	-	-
		53,578	(6,118,563)	(6,064,985)	548,766
Other recognised gains/(losses)					
Initial recognition of multi-employer defined benefit scheme	20	(14,851)	(456,612)	(471,463)	-
Actuarial losses in respect of pension scheme	20	(1,921)	(59,078)	(60,999)	-
NET MOVEMENT IN FUNDS		36,806	(6,634,253)	(6,597,447)	548,766
RECONCILIATION OF FUNDS:					
Balance brought forward at 1 April 2018		360,820	39,747,763	40,108,583	39,559,817
BALANCE CARRIED FORWARD AT 31 MARCH 2019	21/22	397,626	33,113,510	33,511,136	40,108,583