

Charity Number: 206621
Regulator of Social Housing, formerly Homes and Community Agency Number A0185

THE FINCHLEY CHARITIES
TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2020

Accountants:
Alwyns LLP
Chartered Accountants
Trinity House
Waltham Abbey
Essex
EN9 1PH

Office:
41a Wilmot Close
East Finchley
London
N2 8HP

THE FINCHLEY CHARITIES

CONTENTS OF THE FINANCIAL STATEMENTS
for the Year Ended 31 December 2020

	Page
Trust Information	1
Report of the Trustees	2-10
Responsibilities of the Trustees	10-11
Independent Auditor's Report	12-14
Statement of Comprehensive Income	15
Statement of Financial Position	16
Statement of Cash Flows	17
Notes to the Financial Statements	18-27

THE FINCHLEY CHARITIES

REGISTRATION	By the Almshouse Association (Number 91) By the Charity Commission (Number 206621) By the Regulator of Social Housing (formerly HCA) (Number A0185)	
PRINCIPAL OFFICE	41a Wilmot Close East Finchley London N2 8HP	
CHARITY WEBSITE	www.thefinchleycharities.org	
TRUSTEES	Mr Ian Anderson (C) – Vice Chairman Mr Roger Chapman (N) – Chairman Ms Elizabeth Davies (C) – (Resigned 8 th June 2020) Mr C John Huckstep (C) Mr Martin O'Donnell (C) - (Resigned 8 th June 2020) Cllr. Daniel Thomas (N) The Rev. Philip Davison (E) Ms Toni Morgan (C) Mr Mahmood Syed FCA (C) – (Resigned 28 th April 2020) Mr Graham Old (C) Mr Robert Shutler (C) (Resigned 19 th May 2020) (C) Co-opted (E) Ex-Officio (N) Nominated by London Borough of Barnet	
FULL TIME CHIEF EXECUTIVE:	Mrs S Faridi xMPA, Cert.ICSA	
MANAGERS	Office Manager: Ms Jackie Cartwright Property Services Manager: John Everett (Interim) Housing Services Manager: Ms Claire Young	
ACCOUNTANTS/ AUDITORS	Alwyns LLP Chartered Accountants Trinity House, Sewardstone Road Waltham Abbey Essex EN9 1PH	Brindley Millen Limited Chartered Accountants & Registered Auditors 167 Turners Hill Cheshunt Hertfordshire EN8 9BH
BANKERS	Barclays Bank plc 1250 High Road London N20 0PB	CAF Bank Limited 25 Kings Hill Avenue West Malling Kent ME19 4JQ
INVESTMENT MANAGERS	Investec Wealth & Investment Limited 30 Gresham Street London EC2V 7QN	
SOLICITORS	Devonshires Solicitors LLP 30 Finsbury Circus London EC2M 7DT	Hewitsons LLP Shakespeare House Cambridge CB5 8EP

THE FINCHLEY CHARITIES

REPORT OF THE TRUSTEES **for the Year Ended 31 December 2020**

Constitution

The Finchley Charities was founded in 1488 and operates under a Charity Scheme from the Charity Commission dated 3 March 2011. The scheme states that the area of benefit extends into the London Borough of Barnet. The eligibility for residency applies to persons of limited means aged 55 and above who find it difficult to get suitable and affordable housing for themselves who are in need of support. The Finchley Charities also operates a Relief in Need fund for local persons and organisations requesting financial assistance subject to certain conditions and Fuel Land Allotments.

Objectives

The objectives of The Finchley Charities are the relief of poverty in the London Borough of Barnet. It does this by providing sheltered housing accommodation and donations to parish churches, individuals and organisations. Donations to the parish churches take precedence and are to be applied towards the upkeep and repair of the fabric of the church buildings. Other donations must not be recurrent or be applied to public funds or in relief of rates and taxes.



Our Values

Our Values shape how we deliver our Mission and Vision

Our Mission

The Finchley Charities enhances lives by providing good quality homes, amenities and gardens, together with excellent support services to tackle social isolation, loneliness and improve wellbeing.

Our Vision

With over 500 years' experience providing housing and services to our communities, we will continue to be a leading provider, committed to building healthy, sustainable communities with high quality homes, solutions and services to improve quality of life.



Governance

The Trustees have established processes that determine strategic direction and policies. These are regularly reviewed. The Trustees also determine short, medium and long-term priorities, and review associated risks.

The Trustees give day-to-day authority to the managers but delegate to their Chief Executive, the responsibility to ensure compliance with their policies and procedures and to liaise as required with their professional advisors and regulatory bodies. All Trustees are volunteers. Co-opted Trustees are selected for their experience and complementary skills. The London Borough of Barnet is entitled to nominate three Trustees.

The Trustees meet formally at least four times a year. In addition, there are four sub-committees; Finance and Information Technology (IT), Property Services, Admissions, Grants and Welfare and Fuel Land Allotments. All Sub-Committees meet at least four times a year.

THE FINCHLEY CHARITIES

REPORT OF THE TRUSTEES (continued) **for the Year Ended 31 December 2020**

The Finance and IT sub-committee has responsibility for reviewing internal and external Audit reports and HR. The Trustees review the financial position at each meeting and consider all proposals made by the Finance and IT Sub-Committee.

All sub committees will meet more regularly when the need arises.

The principal role of the Trustees is to provide and review strategic direction, adopt a Budget, ensure income is applied within a reasonable time and oversee the work of the Sub-Committees.

Due to the Covid-19 pandemic, the restrictions and challenges, all sub-committee meetings were incorporated into the main Board and all Board Meetings. This enabled all Trustees to provide effective support and direction in all areas of the business, to ensure good governance was to in place. When unable to meet face to face, meetings were held on a virtual platform to keep all staff and Trustees safe.

To ensure good governance and compliance with the National Housing Federation's Code of Governance, The Finchley Charities undertook a governance review in 2020. Trustees reviewed all areas of governance which included:

1. The Charity Scheme – Trustees made some administrative updates and amendments to improve the governance and operations of The Finchley Charities.
2. Governance procedures were developed including the process and induction of new Trustees.
3. Trustees Code of Conduct.
4. An action plan to ensure The Finchley Charities are compliant with the NHF's Code of Governance to ensure good governance continues to be in place.

As part of the governance review, workshops took place with staff and Trustees to review and develop The Finchley Charities' Vision, mission and values.

Control Environment/Procedures

The Trustees have delegated authority and established lines of responsibility accordingly. Business and management controls set standards of professionalism and integrity for operations, which are managed by experienced and suitably qualified persons.

The Trustees believe that relative to the number of staff The Finchley Charities has adequate and effective key internal controls.

Policies and procedures are written, implemented and followed. Policies and procedures are regularly reviewed and ratified by Trustees. The review timeframe is dependent on the policy, regulatory requirements and best practice. The introduction of new policies are considered and ratified by Trustees.

Risk Management

The Finchley Charities has a risk management plan. The major risks to which The Finchley Charities is exposed, as identified by the Trustees, are regularly reviewed and steps taken to mitigate those risks. During 2021 The Finchley Charities' risk management process will be reviewed to ensure robust risk management is in place.

During 2020 new risk management processes were developed with a COVID-19 Risk Register working in line with government guidelines. This was and continues to be reviewed on a regular basis with both staff and Trustees. This is to ensure risks are managed effectively in this changing and challenging environment.

A COVID-19 policy and procedure was also developed.

THE FINCHLEY CHARITIES

REPORT OF THE TRUSTEES (continued) **for the Year Ended 31 December 2020**

Information Systems

In order to keep overheads down financial management and accounting is outsourced and processed by the bookkeeping department of Alwyns LLP from detail provided by the staff of The Finchley Charities and also further information is provided by the Investment Manager. PC based systems with standard software packages are used for this purpose.

The annual budget is approved by the Trustees. The Chief Executive and Alwyns LLP report on significant adverse variances to the Finance and IT Sub-Committee. Management accounts are produced monthly for review by the Chief Executive, Chairman of the Finance and IT Committee and Alwyns LLP. The Investment Manager updates the committee twice a year. Minutes of these Meetings are presented for discussion at the next Trustees Meeting. Investec provide quarterly investment reports to members of the Finance and IT Sub-Committee on a quarterly basis for review.

Monitoring Systems

The Chief Executive is responsible for the performance of the staff in relation to policies, procedures and budgets set by the Trustees.

Operational issues may be reported to the Finance and IT Sub-Committee or the Chairman if quick decisions are required. The Minutes of all Meetings are approved by the appropriate Committee Chairman and reported to the next full Trustees Meeting for information and approval.

Reserves Policy

The Trustees have adopted a reserves policy which they consider appropriate to:

- a) Provide annual amounts for future cyclical repairs and maintenance;
- b) Allow for fluctuations in cash flow and be able to meet budgeted expenditure and donations for at least one year ahead;
- c) Accumulate monies expected to be required for the refurbishment of the Almshouses over and above the amounts in Designated and Restricted Reserves;
- d) Purchase investments which provide income that can indirectly make it possible to partially subsidise the weekly maintenance contributions charged to residents of the Almshouses; thus fulfilling one of its charitable objectives.

The Trustees keep the level of reserves under regular review to ensure that they are adequate and appropriate to meet the requirements of The Finchley Charities. The Trustees aim to maintain the free reserves at a level of 3-6 months of expenditure. The current level of free reserves meets this policy.

Employees

The Finchley Charities places great emphasis on the contribution of its Staff. The Trustees want to place on the record thanks and appreciation for their dedicated work through a very difficult year. Staff maintained good and safe links with residents, ensuring high morale throughout this pandemic year even when working from home.

During 2020, it employed the Chief Executive, an Office Manager, an interim Property Services Manager/consultant, Housing Services Manager, Central Services Administrator, five Sheltered Housing Officers, and one Housing Officer. A performance management framework is in place to ensure all staff and the Chief Executive are supported, provided with regular 1-2-1s and yearly appraisals together with performance delivery plans. The Chairman of The Finchley Charities carries out the yearly appraisals and 1-2-1s for the Chief Executive and reports their performance to the Board. The Finchley Charities is committed to training and development of all staff. The framework ensures staff at all levels have the opportunity to meet, raise and discuss issues with their Manager, the Chief Executive and ultimately the Trustees.

During 2020, the Trustees commissioned Altair to carry out an independent Remuneration Review to ensure we are in line with the market, continue to value and retain staff, be a good and preferred employer. The review included:

1. Recommendations for The Finchley Charities going forward.
2. The review of The Finchley Charities Remuneration Policy.
3. Market testing on staff salaries and benefits.
4. Development of a salary structure and banding in line with the market.
5. Sickness entitlement.

THE FINCHLEY CHARITIES

REPORT OF THE TRUSTEES (continued) **for the Year Ended 31 December 2020**

Equality and Diversity Policy

The Trustees are committed to eliminating discrimination and promoting equal opportunities for all staff and residents.

Trustees Liability Insurance

As allowed by its mandate, the Trustees have taken out cover of £500,000 at an annual cost of £623.

Activity in the Year

2020 was an exceptional and challenging year due to the COVID-19 pandemic, but we continued to carry out the core services to a good level. Staff were equipped with the necessary tools to work remotely from home as well as working from the offices safely and effectively when able to do so.

During the year we experienced an unprecedented high number of voids equating to 11% of The Finchley Charities' housing stock. The Finchley Charities experienced a reduction in applicants wanting to move, and a reduction in the receipt of housing applications due to COVID-19. Despite this, staff worked extremely hard to turn voids around, carrying out the refurbishments necessary to re-let. Despite the challenges, by the 31 December 2020, 14 out of the 19 voids during 2020 were re-let and occupied. Out of the 5 voids remaining as at 31 December, 1 only became void on 25 December 2020 and 1 a redesign / full refurbishment.

The Trustees are pleased to report that despite the pandemic and challenges faced, there was 98% occupancy at 31 December 2020.

During this period there were 5 internal transfers – 4 on medical grounds and 1 down size. During this period it provided an opportunity to strengthen the processes of internal transfers.

To ensure The Finchley Charities continue to have high occupancy during 2021, a marketing campaign has been developed. Alongside this, a flexible process for assessing applicants during the lockdown period and restrictions was developed when unable to carry out face to face assessments to continue to house those in need.

The Finchley Charities work to a rolling five-year plan for repairs and major refurbishment which is designed to ensure that the accommodation provided meets with the Decent Homes Standards, (whereby housing should be above the statutory minimum standard be in a reasonable state of repair, provide modern facilities and services and a reasonable degree of thermal comfort).

Investment Policy

The overall objectives are to create sufficient income and capital growth to enable The Finchley Charities to carry out its purposes consistently year by year with due and proper consideration for future needs and the maintenance of, and if possible, enhancement of the value of the invested funds while they are retained. Both capital and income may be used at any time for the furtherance of The Finchley Charities' aims.

Ethical Considerations

The Trustees wish to preclude investment in tobacco and these are defined as companies with more than 20% of their turnover in this activity.

The Trustees reserve the right to exclude companies that carry out activities contrary to their aims or from holding particular investments which damage The Finchley Charities' reputation.

Trustees expect the Investment manager to have considered the suitability of investments of the same kind as any particular investment proposed to be made or retained.

Principal Funding Sources

Charges made to Residents for accommodation and Income and Profits from Investments.

Appointments and Training of New Trustees.

Three Trustees are nominated by the London Borough of Barnet and the Ex-Officio Trustee is the Rector of St Mary-at-Finchley Church Rev Philip Davison.

THE FINCHLEY CHARITIES

REPORT OF THE TRUSTEES (continued) **for the Year Ended 31 December 2020**

Possible candidates for Co-opted Trusteeship are usually known and nominated by existing Trustees and appointed by the Trustees as a body. Following the Governance Review in 2020, Trustees made the decision to also advertise future vacancies to ensure the Trustees appoint new Trustees for their specific skills and knowledge following a skills gap analysis when a vacancy becomes available. The Chief Executive has the delegated responsibility for providing training.

Key Decisions

The Trustees make all Key Decisions including the ratification of decisions delegated to the Chairman or the Chairman of the Finance and IT sub-committee.

Main Objectives for 2020

The main objectives for 2020:

- To maintain the standard of sheltered housing by continuing the programme of planned maintenance and 'major works'.
- Working through a pandemic, ensuring core services and good governance continued, supporting staff and beneficiaries to stay safe.
- Ensuring our beneficiaries health and well-being was at the top of the agenda during the pandemic.
- Governance Review.
- Remuneration Review.
- Void property management due to the unprecedented number of voids during the year.
- Complete the IT Review and move to the 'cloud'.
- Develop The Finchley Charities, Vision, Mission and Values.
- Staff and Trustee Away Days

Achievement and Performance Review

The Finchley Charities continue to review its cost base and asset management, particularly with regard to financial efficiencies, value for money and standards for property refurbishments and maintenance, whilst mindful of keeping a good standard of accommodation expected for residents. This has continued despite the challenging year experienced carrying out repairs, maintenance and planned works when and where possible during the restrictions. The main achievements are:

12 Kitchen replacements

1 Bathroom replacement - we intend to carry out more bathroom replacements during 2021 and 2022.

22 Boiler replacements

136 Kitchen and bathroom extractor / ventilation installations improving ventilation to all properties

All staff worked hard during this pandemic, working flexibly during the lockdowns and restrictions in place to maintain core services despite the challenges.

In February 2020, following the IT review in 2019, we moved to a cloud based system which proved to be a huge success. The implementation was timely as it equipped all staff with the tools necessary to work remotely from home and The Finchley Charities' Offices.

During the past few years, The Finchley Charities' IT improvement programme included moving all the IT and telephone systems to the cloud and the upgrade to the community alarm systems in beneficiaries' homes. During the pandemic this enabled staff to carry out services to our beneficiaries remotely, keeping in touch with all beneficiaries to provide support, but available to respond in person if required. Sheltered Housing Officers maintained regular contact with all beneficiaries and identified those most at risk of isolation and increased their contact and support.

Sheltered Housing Officers offered additional support to access on line shopping, food parcels for the clinically vulnerable, support to make and attend medical appointments and other health needs as well as continuing to support beneficiaries with income maximisation, Housing Benefit and Universal Credit claims and Discretionary Housing Payments.

THE FINCHLEY CHARITIES

REPORT OF THE TRUSTEES (continued) **for the Year Ended 31 December 2020**

Through networking opportunities, staff accessed nutritional free meals for those beneficiaries in hardship from local charities.

With the restrictions in place, staff looked at ways to continue to work with beneficiaries to reduce isolation and to keep focused. Regular informative newsletters continued which included competitions to engage our beneficiaries and to focus on a project. The competitions included poetry and art. Competitions included a Christmas card competition and The Finchley Charities' Christmas card 2020 was the art work from one of our beneficiaries. This was a huge success and our aim is to continue in 2021.

What became apparent during one of the competitions is The Finchley Charities have very talented beneficiaries! Due to the high level of entries and the high standard received, we were able to include all pieces of art and developed a calendar for 2021. All beneficiaries received one and those who entered received a gift.

Christmas was not a total wash out at The Finchley Charities and instead of having Christmas celebrations in the community halls, Christmas was delivered to the beneficiaries' home. Residents all received a card, gift, free raffle (prizes kindly donated from The Finchley Charities' contractors) and a meal for those that wanted one, all cooked and delivered by our staff.

Supporting and keeping beneficiaries focused and reducing social isolation was a key priority and an objective during 2020. The hard work by all staff, the management team and Trustees is reflected in the low levels of COVID-19 across all our sites. The restrictions put in place during the pandemic were not always well received but were necessary to ensure the safety of all staff and beneficiaries following government guidelines.

It is so important for our beneficiaries to socialise and be part of a community which assists in the reduction of social isolation, therefore a focus for 2021 is to develop outside heating and improve the seating areas to enable residents to socialise outside safely. This will be valuable for all, whether we continue to have restrictions in place or not during 2021.

Trustees are delighted to report that MNM who carried out the window, door and roof replacement programme during 2019 won a UK Housing Award in December 2020.

Public Benefit

The Finchley Charities provide accommodation for those beneficiaries of limited means who have lived within the boundaries of the London Borough of Barnet as set out in the scheme of 2011 registered with the Charities Commission.

Each year the Trustees review The Finchley Charities' objectives, to ensure they continue to reflect The Finchley Charities' aims. In carrying out this review, the Trustees have complied with the duty in section 17(s) of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission.

Donations and Grants

The Finchley Charities made the following donations and grants during the year:

Local Church Donations	£11,500
Foodbanks	£7,500
Other	£2,550

The Finchley Charities awarded much needed grants to three foodbanks in the area of benefit. The decision to award grants rather than food parcels was determined by the pandemic so each food bank could purchase the items most in need.

A grant is defined as a financial award made by The Finchley Charities from its funds to support charitable activities, usually to registered charities, charitable community groups and individuals experiencing hardship.

THE FINCHLEY CHARITIES

REPORT OF THE TRUSTEES (continued) **for the Year Ended 31 December 2020**

Trustees' grant making policy has no restrictions imposed on the purpose for which grants may be made, as long as the criteria outlined in the Charity Scheme are met. Trustees will award grants when they believe the grant will make a difference and will have an impact in the area of benefit. All applicants will be considered if the organisation or individual can demonstrate the following:

- Need and impact
- The organisation applying for a grant is a registered charity in the UK and operates in the area of benefit – the London Borough of Barnet
- An individual applying for a grant resides in the area of benefit and can demonstrate hardship.

Grants awarded will vary in amount.

All grants are considered at The Finchley Charities' Admissions, Grants and Welfare Committee on a quarterly basis then ratified by the Finance and IT sub-committee and the Trustees of The Finchley Charities, before grants are awarded in line with The Finchley Charities' charitable objectives.

During 2020, we continued to limit the number of grants provided due to the large amount of investment made into the major works programme, for the much needed work required to be undertaken to The Finchley Charities' assets and the loss of investments during a difficult and challenging year. We will continue to provide grants during 2021 which will be kept under review.

Overall performance

Performance indicators:

	2020	2019
Operating margin before revaluation		
gain on investments	17%	32%
Occupancy	98%	99%
Rent collected	99%	99%
Overheads as a percentage of maintenance contributions	70%	67%
Cost per unit	£6,707	£6,066
Working capital	£9,021	£(409,043)

The Finchley Charities' operating margin has fallen significantly following the poor performance on the investments and as the charity continues to invest in its properties whilst maintaining a 98% occupancy and rent collected remains consistent. The working capital has improved from the previous year but continues to be low due to the continued investment in our properties through our planned 'major works' programme.

THE FINCHLEY CHARITIES

REPORT OF THE TRUSTEES (continued) **for the Year Ended 31 December 2020**

Financial Review of the Year

The surplus before revaluation gains on investments for the year was £284,315 (2019 - £505,525).

The results for the year excluding the increase or decrease in the value of Investments may be summarised as follows:

	2020	2019
	£	£
Income from Housing	1,656,289	1,564,227
Direct costs	(292,210)	(293,956)
	<u>1,364,079</u>	<u>1,270,271</u>
Administration costs	(484,234)	(461,563)
Depreciation	(320,102)	(274,986)
Loss on replacement of components	(126,908)	(210,588)
Grant Amortisation	64,599	64,599
	<u>497,434</u>	<u>387,733</u>
Cyclical Maintenance Fund costs	(377,145)	(287,804)
	<u>120,289</u>	<u>99,929</u>
Housing activity surplus		
Other income less donations paid	234,397	305,161
	<u>354,686</u>	<u>405,090</u>
Operating Surplus		
(Loss)/Profit on sale of investments	(70,371)	100,435
	<u>284,315</u>	<u>505,525</u>
Surplus for the year before revaluation gains/(losses) on investments		

The Finchley Charities complies with the Statement of Recommended Practice (SORP) for Registered Social Landlords in the presentation of its Financial Statements.

Overview

The Finchley Charities is aware of its status as a Charity and that it has always subsidised accommodation which The Finchley Charities offers. The Finchley Charities has endeavoured to principally use investment income to pay for essential extraordinary repairs and capital costs. The Finchley Charities reviews its investment performance on a regular basis with its Investment Managers throughout the year.

The surplus shown above continued to contribute to the reserves, which are therefore considered adequate to support The Finchley Charities' objectives in the future. The Statement of Financial Position shows a decrease in reserves to £16,064,777 at 31 December 2020 which are largely represented by the stock of housing accommodation. The free reserves (unrestricted reserves less fixed assets, deferred government grant and loans) at 31 December 2020 were £416,791.

The Finchley Charities continues to retain the services of professionally qualified staff who are keen to continue the development of The Finchley Charities' targets.

THE FINCHLEY CHARITIES

REPORT OF THE TRUSTEES (continued) **for the Year Ended 31 December 2020**

The Finchley Charities' auditors have confirmed that we have an adequate financial position. We have ambition to maintain and improve this position in order that we may be able to offer more grants to those organisations who offer assistance to those in need in Barnet.

It should be acknowledged that the Trustees are not remunerated for their often-considerable work, therefore, Trustees Liability Insurance is in place to protect them from personal liability as far as is possible.

Future Plans

The organisation strategy is further developed to plan longer term ambitions, to build further homes, reviewing and improving services, processes and governance. Plans are now well underway and will form part of the overall strategy which will be reviewed periodically.

The Finchley Charities' continued main focus will be the planned works programme, to ensure that accommodation is maintained at a good standard for our residents. During 2021 the programme will include a bathroom replacement programme, internal and external decoration and complete the boiler replacement programme. This will be addition to day-to-day repairs and maintenance, reactive and void work.

Following the health and safety review and the review of the fire risk assessments during 2019 and 2020, the Trustees decided to carry out a further full Fire Risk Assessment in November 2020. This is to ensure Fire Risk and Health and Safety measures are in place with good action plans for 2021.

The organisational focus on Health and Well-being for residents will continue, focusing on activities and events to promote good mental health, promote a good community, reduce social isolation and loneliness.

The key priorities that will be the focus for 2021 are:

- A focus on improving resident engagement and involvement;
- Continue to develop and improve the health and wellbeing offer;
- Digital inclusion for our beneficiaries;
- Review risk management processes;
- Fire Safety;
- Health & Safety;
- Continue to provide good governance embracing the new governance procedures;
- Develop an organisational development strategy;
- Take forward an Environmental Strategy implementing the Environment Policy already developed;
- The re-procurement of the repairs, maintenance, voids and planned works contract.

Responsibilities of the Trustees

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

The law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare The Finchley Charities' financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". The Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of The Finchley Charities and of the surplus or deficit for that period. In preparing these financial statements, the Trustees are required to:


- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that The Finchley Charities will continue in business.


THE FINCHLEY CHARITIES

REPORT OF THE TRUSTEES (continued)
for the Year Ended 31 December 2020

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain The Finchley Charities' transactions and disclose with reasonable accuracy at any time the financial position of The Finchley Charities and enable them to ensure that the financial statements comply with the Charities Act, the Housing and Regeneration Act 2008, the Accounting Direction for private registered providers of social housing 2019 and the Statement of Recommended Practice: Accounting by registered social housing providers (SORP 2018 update). They are also responsible for safeguarding the assets of the Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Trustees:


.....
Chairman – R. Chapman


.....
Trustee – G. Old

17th May 2021

.....
Date

THE FINCHLEY CHARITIES

REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF THE FINCHLEY CHARITIES **for the Year Ended 31 December 2020**

Opinion

We have audited the financial statements of The Finchley Charities (the 'charity') for the year ended 31 December 2020 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, 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 Financial Reporting Standard 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 Finchley Charities' affairs as at 31 December 2020 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing in England 2019.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

THE FINCHLEY CHARITIES

REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF THE FINCHLEY CHARITIES (continued) **for the Year Ended 31 December 2020**

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

We have nothing to report in respect of the following matters where the Charities Act 2011 and the Housing and Regeneration Act 2008 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 ten, the Trustees are responsible for the preparation of the financial statements which 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 Finchley Charities' 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 charity or to cease operations, or have no realistic alternative but to do so.

Our 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 a Report of the Independent Auditors 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to assist in the detection of material misstatements in respect of irregularities, including fraud.

Our approach to assessing the risks of such material misstatements was as follows:

We obtained an understanding of the legal and regulatory frameworks that are applicable to the charity and determined that the most significant are those covered by the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2019, the Statement of Recommended Practice for Charities (SORP 2019) and the Charities Act 2011. We assessed the risk of material misstatement in respect of fraud by making enquiries of management and trustees and by testing the implementation of accounting controls in place.

Based on the results of our risk assessment we designed our audit procedures to identify non-compliance with such laws and regulations identified above by making enquiries with key personnel and reviewing relevant documentation such as minutes of Trustee meetings and correspondence with regulatory bodies. We considered the risk of fraud through management override by incorporation testing of journal entries and reviewing any requirements to meet performance targets. We also considered, and tested for, the possibility of unauthorised payments to related parties.

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

THE FINCHLEY CHARITIES

**REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF THE FINCHLEY
CHARITIES (continued)
for the Year Ended 31 December 2020**

Use of our report

This report is made solely to The Finchley Charities' Trustees, as a body, in accordance with Section 144 of the Charities Act 2011 and regulations made under Section 154 of that Act and section 137 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than The Finchley Charities and The Finchley Charities' Trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Maurice William Brindley BSc FCA (Senior Statutory Auditor)
for and on behalf of Brindley Millen Ltd
Chartered Accountants and Statutory Auditors
Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006
167 Turners Hill
Cheshunt
Hertfordshire
EN8 9BH

Date:14/6/2021.....

THE FINCHLEY CHARITIES

STATEMENT OF COMPREHENSIVE INCOME

for the Year Ended 31 December 2020

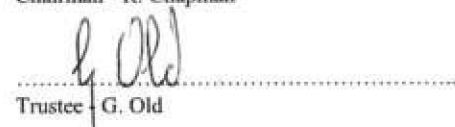
		Unrestricted funds	Designated funds	Restricted funds	2020 Total	2019 Total
	Note	£	£	£	£	£
INCOME FROM HOUSING						
Social housing lettings	2	1,720,888	-	-	1,720,888	1,628,826
Operating expenditure	2	(1,600,599)	-	-	(1,600,599)	(1,528,897)
HOUSING ACTIVITY SURPLUS	3	120,289	-	-	120,289	99,929
(Loss)/Profit on sale of investments		(70,371)	-	-	(70,371)	100,435
Investment property income		86,136	-	11,660	97,796	90,573
Interest receivable and similar income	4	189,447	-	-	189,447	265,361
Interest payable		(31,356)	-	-	(31,356)	(39,108)
Donations received		60	-	-	60	550
Other expenditure		-	-	-	-	(241)
Donations payable		(21,550)	-	-	(21,550)	(11,974)
		152,366	-	11,660	164,026	405,596
Surplus before revaluation gain on investments and transfers		272,655	-	11,660	284,315	505,525
Net revaluation (loss)/gain on investments	12	(475,772)	-	-	(475,772)	746,578
Transfers between reserves	12	(428)	-	428	-	-
(Deficit)/Surplus for the year before revaluation of fixed assets		(203,545)	-	12,088	(191,457)	1,252,103
		-	-	-	-	-
(DEFICIT)/SURPLUS FOR THE YEAR		(203,545)	-	12,088	(191,457)	1,252,103
Reserves brought forward		12,701,590	3,394,941	159,703	16,256,234	15,004,131
Reserves carried forward		12,498,045	3,394,941	171,791	16,064,777	16,256,234

The Finchley Charities has no other recognised gains or losses other than the results for the period as set out above.
All the activities of The Finchley Charities are continuing.

Approved and authorised for issue by the Trustees on 17th May 2021



Chairman - R. Chapman



Trustee - G. Old

The notes on pages 18 to 27 form part of these financial statements.

THE FINCHLEY CHARITIES**STATEMENT OF FINANCIAL POSITION****As at 31 December 2020**

		2020		2019	
	Note	£	£	£	£
FIXED ASSETS					
Housing Properties	7a		12,248,399		12,439,517
Fuel Land Allotments	7b		450,000		450,000
Office equipment	7a		10,196		10,097
			<u>12,708,595</u>		<u>12,899,614</u>
Investment Properties	7c		450,000		450,000
Investments - Shares	8a	5,954,825		6,438,898	
- Cash	8b	<u>285,879</u>		<u>333,479</u>	
			6,240,704		6,772,377
			<u>19,399,299</u>		<u>20,121,991</u>
CURRENT ASSETS					
Debtors	9	46,021		39,099	
Cash at bank and in hand		<u>395,355</u>		<u>155,769</u>	
		441,376		194,868	
CREDITORS: Amounts falling due within one year	10	<u>(545,872)</u>		<u>(716,055)</u>	
NET CURRENT(LIABILITIES)			(104,496)		(521,187)
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>19,294,803</u>		<u>19,600,804</u>
CREDITORS: Amounts falling due after more than one year	10		(3,230,026)		(3,344,570)
NET ASSETS			<u>16,064,777</u>		<u>16,256,234</u>
RESERVES	12/13				
Revenue - unrestricted			9,546,789		9,274,562
Property revaluation reserve			1,621,632		1,621,632
Investment revaluation reserve			<u>1,329,624</u>		<u>1,805,396</u>
			12,498,045		12,701,590
Designated			3,394,941		3,394,941
Restricted			<u>171,791</u>		<u>159,703</u>
			<u>16,064,777</u>		<u>16,256,234</u>

Approved and authorised for issue by the Trustees on 17th May 2021



 Chairman - R. Chapman



 Trustee - G. Old

The notes on pages 18 to 27 form part of these financial statements.

THE FINCHLEY CHARITIES**STATEMENT OF CASH FLOWS****As at 31 December 2020**

	2020	2019
	£	£
Net cash from operating activities	467,549	465,965
Cash flows from financing activities:		
Mortgage capital movement	(48,572)	(44,918)
Interest paid on mortgage	<u>(31,356)</u>	<u>(39,108)</u>
Net cash flow from financing activities	<u>(79,928)</u>	<u>(84,026)</u>
Cash flows from investing activities		
Purchase of tangible fixed assets	(400,733)	(1,110,322)
Purchase of other PPE	(6,099)	-
GLA - housing grant received	-	-
Purchase of investments (shares)	(1,098,852)	(293,601)
Proceeds from disposal of investments (shares)	1,062,894	540,361
Investment property income	84,087	104,282
Investment income	163,068	231,002
Interest received	<u>-</u>	<u>-</u>
Net cash flow used in investing activities	<u>(195,635)</u>	<u>(528,278)</u>
Net increase/(decrease) in cash and cash equivalents in the reporting period	191,986	(146,339)
Cash and cash equivalents at beginning of the reporting period	<u>489,248</u>	<u>635,587</u>
Cash and cash equivalents at end of the reporting period (Note 15)	<u>681,234</u>	<u>489,248</u>
<u>RECONCILIATION OF NET INCOME/(EXPENDITURE)</u>		
<u>TO NET CASH FLOW FROM OPERATING ACTIVITIES</u>		
Net income before revaluation gains on investments	284,315	505,525
Adjustments for:		
Depreciation charges	320,102	274,986
Loss on disposal of fixed assets	126,908	210,588
Amortisation of Grant	(64,599)	(64,599)
Bad debt provision	-	5,000
Investment property income received	(97,796)	(90,573)
Interest payable	31,356	39,108
Investment income received	(188,337)	(261,824)
Interest received	-	-
Loss/(Profit) on sale of investment (shares)	70,371	(100,435)
(Increase) in debtors (less accrued investment income)	(7,765)	(565)
Decrease in creditors (less mortgage, deferred government grants and capital creditors)	<u>(7,006)</u>	<u>(51,246)</u>
Net cash provided from operating activities	<u>467,549</u>	<u>465,965</u>

THE FINCHLEY CHARITIES

NOTES TO THE FINANCIAL STATEMENTS **for the Year Ended 31 December 2020**

1. PRINCIPAL ACCOUNTING POLICIES

Legal Status

The Finchley Charities is a registered charity (Registered Number 206621) and is registered with the Regulator of Social Housing (formerly Homes and Communities Agency) as a Private Registered Provider of Social Housing (Registered Number A0185) and the Almshouse Association (Registered Number 91). The registered office is 41a Wilmot Close, East Finchley, London N2 8HP.

Accounting Convention

The financial statements have been prepared in accordance with applicable accounting standards including FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland, and the Statement of Recommended Practice for registered social housing providers (SORP 2018 update). The principal activity of The Finchley Charities is to provide relief of poverty in the London Borough of Barnet. In accordance with FRS 102 (3.3 A), the charity is a public benefit entity that has applied the "PBE" prefixed paragraphs.

The financial statements comply with the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. The accounts are prepared on the historical cost basis of accounting except for investment properties and investments which are included at fair value and are presented in sterling (£).

The accounts have been prepared on the basis that it will continue as a going concern. There are sufficient reserves to enable The Finchley Charities to continue to achieve its objectives for the foreseeable future.

A summary of significant accounting policies is set out below.

Income

Income from Housing represents income receivable from accommodation net of any voids, amortised capital grants from Local Authorities, The Housing Corporation and the GLA and charitable donations measured at value of the consideration received or receivable.

Fixed Assets, Housing Properties and Component Accounting

Housing Properties held to provide a social benefit are stated at cost less accumulated depreciation and impairment losses. The Finchley Charities calculates depreciation by implementing component accounting. Estimated figures have been used where due to the elapse of time or the disproportionate cost of ascertaining the figures, it has not been possible to get actual information. This means that depreciation is charged based on the estimated useful life of each component within the housing properties as follows:

Structure	100 years
Roofs	60 years
Windows and Doors	30 years
Lifts	30 years
Plumbing	30 years
Electrics	30 years
Bathrooms	20 years and 30 years
Kitchens	20 years
Heating	20 years
Careline & safety systems	20 years
External structures	20 years
Office	20 years
Communal Hall	10 years

THE FINCHLEY CHARITIES

NOTES TO THE FINANCIAL STATEMENTS (continued) **for the Year Ended 31 December 2020**

Fixed Assets, Housing Properties and Component Accounting (cont'd)

Housing stock under construction, together with interest on mortgage are capitalised but not depreciated until the property is occupied. Interest is capitalised in fixed asset housing properties up to the date of completion of capital works on each scheme. The interest is either on borrowings specifically financing a scheme or on net borrowings to the extent that they are deemed to be financing a scheme.

Office equipment is depreciated at the rate of 25% on cost per annum.

Social Housing Grant

Government grants include grants receivable from the Homes & Communities Agency (HCA), local authorities, and other government organisations. Government grants received for housing properties are treated as deferred income and recognised in income from housing over the estimated useful life of the housing property components, under the accrual model.

Grants due from government organisations or received in advance are included as current liabilities.

Impairment

At each Statement of Financial Position date, housing schemes are assessed to determine if there are indicators that the scheme may be impaired in value; if there are such indicators of impairment, then a comparison of the scheme's carrying value compared to its recoverable amount, is undertaken. Any excess over the recoverable amount is recognised as an impairment loss and charged as expenditure in the Statement of Comprehensive Income; the carrying value is reduced appropriately.

Investments

Investments are measured initially at cost and subsequently at fair value (their market value) valued at market value at the Statement of Financial Position date. The Statement of Comprehensive Income includes the net gains and losses arising on revaluations and disposals throughout the year.

Investment properties are included in the Statement of Financial Position at fair value. The last revaluation was July 2018 carried out by Lambert Chartered Surveyors. Revaluation surpluses and deficits are recognised as part of the Statement of Comprehensive Income.

Fuel Land Allotments

This property came under the jurisdiction of The Finchley Charities in 1892 and laid out 113 allotments. The income from the holders was used to buy coal for poor people and pensioners. It later was used for fuel vouchers for Finchley Old People's Welfare. It is now incorporated in the latest scheme of 2011 to be rented out to allotments holders who fall in the area of benefit. The property has been treated as a permanent endowment of The Finchley Charities. It has been revalued by Lambert Chartered Surveyors in July 2018.

Pension costs

The Finchley Charities contributes to an industrial scheme for employees (defined contribution scheme). The assets of the scheme are held separately from those of The Finchley Charities. The annual contributions payable are charged to the Statement of Comprehensive Income. The Finchley Charities has no potential liability other than for the payment of those contributions.

Debtors

Debtors are amounts owed to The Finchley Charities and are included at their recoverable amount. Debtors also include prepayments where payment has been made in advance of receipt of the goods or services.

Cash at Bank and in hand

Cash at Bank and in hand is held to meet short term cost commitments as they fall due, and includes all cash equivalents held in the liquid investments.

THE FINCHLEY CHARITIES

NOTES TO THE FINANCIAL STATEMENTS (continued) **for the Year Ended 31 December 2020**

Creditors

A liability is an amount due to a creditor and is recognised as the amount The Finchley Charities anticipates it will pay to settle the debt. Creditors also include amounts received in advance for goods and services it must provide.

Financial Instruments

Financial assets and financial liabilities are recognised in the Statement of Financial Position when The Finchley Charities becomes a party to the contractual provisions of the instrument.

Trade (including rental) and other debtors and creditors are classified as basic financial instruments and measured at initial recognition at transaction price. Debtors and creditors are subsequently measured at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that The Finchley Charities will not be able to collect all amounts due.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank, short-term bank deposits with an original maturity of three months or less and bank overdrafts which are an integral part of the Finchley Charities' cash management.

Interest bearing bank loans, overdrafts and other loans which meet the criteria to be classified as basic financial instruments are initially recorded at the present value of cash payable to the bank, which is ordinarily equal to the proceeds received net of direct issue costs. These liabilities are subsequently measured at amortised cost, using the effective interest rate method.

Cyclical Maintenance Fund

The Finchley Charities charges actual costs incurred to the Statement of Comprehensive Income. However it aims to keep a balance in the Designated Reserve approximately equal to five times the budgeted cost of work in the following year, adjusted for one off expenditure.

Extraordinary Repair Fund

The Finchley Charities charges actual costs to the Statement of Comprehensive Income. However it aims to keep a balance in the Designated Reserve approximately equal to five times the budgeted costs of work in the following year, adjusted for one off expenditure

Restricted Reserves

When additional works on the Almshouses was undertaken in the 1970's the Charity Commission required £428 per annum to be invested annually from 1976 to 2036 and it is accumulated with its attached investments so as to replace the capital.

Taxation

The Finchley Charities is registered with the Tenant Services Authority and has charitable status. It is therefore exempt from liability to taxation on its charitable income and capital gains.

Value Added Tax

The Finchley Charities is not registered for value added tax. In these financial statements, where applicable income and expenditure is shown inclusive of VAT.

THE FINCHLEY CHARITIES**NOTES TO THE FINANCIAL STATEMENTS (continued)
for the Year Ended 31 December 2020****2. PARTICULARS OF INCOME AND EXPENDITURE FROM HOUSING ACCOMMODATION**

	2020	2019
	Total	Total
	£	£
Income from housing		
Maintenance charges - Housing for older people	1,693,493	1,579,847
Less: Losses from voids	(36,197)	(15,348)
Less: Repayment to residents	(1,007)	(272)
Amortised government grant	64,599	64,599
Total income from housing	1,720,888	1,628,826
Expenditure on housing activities		
Services	74,226	73,902
Management	121,849	122,641
Routine maintenance	96,135	97,413
Cyclical Maintenance Fund	377,145	287,804
Housing properties depreciation	314,102	267,447
Loss on disposal of components	126,908	210,588
Bad debts & provision	-	6,471
Other costs	490,234	462,631
Total expenditure on housing	1,600,599	1,528,897
Operating surplus on housing activities	120,289	99,929
Number of units	No	No
At 1 January	172	172
At 31 December (all managed and owned)	172	172

3. HOUSING ACTIVITY SURPLUS

The operating surplus is stated after charging:

	2020	2019
	£	£
Depreciation	320,102	274,986
Loss on disposal of components	126,908	210,588
Grant amortisation	(64,599)	(64,599)
Auditors remuneration - as auditors	5,936	5,546

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2020	2019
	£	£
Investment income	188,337	261,824
Interest from cash deposits	-	-
Other income	1,110	3,537
	189,447	265,361

Investment income includes £25,960 accumulated dividends (2019: £31,211) and accrued interest of £1,780 (2019: £2,623).

THE FINCHLEY CHARITIES

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the Year Ended 31 December 2020

5. STAFF

The average number of staff employed by the Trust during the financial year was:

	2020 No.	2019 No.
Administrative	6	4
Sheltered Housing Officers	5	6
	<u>11</u>	<u>10</u>
	2020 £	2019 £
Wages & salaries	333,785	331,909
Social security costs	24,299	23,443
Pension costs	<u>10,949</u>	<u>11,184</u>
	<u>369,033</u>	<u>366,536</u>

The key management personnel (excluding the Trustees) is the Chief Executive whose remuneration for 2020 was £67,738 including £6,043 employer's pension contributions (2019: £64,593 including £5,872 employer's pension contribution). The Chief Executive is an ordinary member of the defined contribution pension scheme with pension arrangements which are similar to those of other staff.

No other employee earned in excess of £60,000 (2019: none).

6. TRANSACTIONS WITH TRUSTEES

None of the Trustees received any emoluments for their services. Expenses for travel and telecommunication totalling £44 were reimbursed to 2 trustees during the year (2019: £nil).

Many of the Trustees are involved with Churches and other charities in the area, some of whom received financial help through the Relief in Need programme.

When considering making donations, Trustees with any interest declare that interest and abstain from these decisions. These actions are recorded in the minutes of Trustees meetings.

Other than the above none of the Trustees have any interest in any contracts with The Finchley Charities.

THE FINCHLEY CHARITIES

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the Year Ended 31 December 2020

7. FIXED ASSETS

a) Tangible fixed assets	Freehold Housing Properties £	Housing Property Under Construction £	Office Equipment £	Total 2020 £
COST / VALUATION				
At 1 January 2020	14,540,786	-	46,301	14,587,087
Additions	249,892	-	6,099	255,991
Disposals	(257,900)	-	(16,144)	(274,044)
Transfer	-	-	-	-
At 31 December 2020	14,532,778	-	36,256	14,569,034
DEPRECIATION				
At 1 January 2020	2,101,269	-	36,204	2,137,473
Charge for period	314,102	-	6,000	320,102
Disposals	(130,992)	-	(16,144)	(147,136)
At 31 December 2020	2,284,379	-	26,060	2,310,439
NET BOOK VALUE				
At 31 December 2020	12,248,399	-	10,196	12,258,595
At 31 December 2019	12,439,517	-	10,097	12,449,614

Additions in the year include component additions of £393,015 (after adjustment to retention of £143,123) of which £281,704 was included in creditors (2019: £432,545 included in creditors).

b) Fuel Land Allotments

This property is a permanent endowment of the Charity and is shown as a fixed asset with no known original cost. There is income from the allotments amounting to £11,660 (2019: £11,105) which is used towards the donations made under the Relief in Need objective. The property is included in the Statement of Financial Position at valuation of £450,000 (2019: £450,000).

c) Investments - Property

Property	Valuation 2020 £	2019 £	Tenant	Current Annual Rent £	Current Insurance Premiums £
Advertising Hoardings, 250 - 274 High Road	50,000	50,000	J C Decaux Ltd	5,000	*
The Ann Owens Centre, Tarling Road	400,000	400,000	Age UK Barnet	25,761	1,640
	<u>450,000</u>	<u>450,000</u>		<u>30,761</u>	<u>1,640</u>

*Arranged by Tenants

The above property valuations were carried out by professional external valuers, Lamberts Chartered Surveyors.

THE FINCHLEY CHARITIES

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the Year Ended 31 December 2020

8a. INVESTMENTS - SHARES

	£
Balance at 1 January 2020	6,438,898
Additions (including £26,112 accumulated dividends)	1,124,964
Disposals	(1,133,265)
Net unrealised loss on revaluation	(475,772)
Balance at 31 December 2020	<u>5,954,825</u>

	Cost		Market value	
	2020	2019	2020	2019
	£	£	£	£
Funds managed by:				
Investec Wealth & Investment - Investments	2,688,561	2,722,974	3,464,596	3,598,818
- M&G	1,825,621	1,809,291	1,847,437	2,213,829
COIF	16,588	16,588	347,496	319,265
M&G Charity Multi Asset Fund (previously NAACIF)	141,059	131,430	295,296	306,986
	<u>4,671,829</u>	<u>4,680,283</u>	<u>5,954,825</u>	<u>6,438,898</u>
8b. Investment - Cash			<u>285,879</u>	<u>333,479</u>

9. DEBTORS: Due within one year

	2020	2019
	£	£
Rent arrears	19,689	15,187
Less: bad debt provision	(5,000)	(5,000)
	<u>14,689</u>	<u>10,187</u>
Prepayments and Other debtors	31,332	28,912
	<u>46,021</u>	<u>39,099</u>

10. CREDITORS: Amounts falling due within one year

	2020	2019
	£	£
Creditors	172,241	166,120
PAYE/NI	8,660	6,225
Other creditors	251,454	431,566
Deferred government grant (Note 11)	64,599	64,599
Mortgage	48,918	47,545
	<u>545,872</u>	<u>716,055</u>

CREDITORS: Amounts falling due after one year

	2020	2019
	£	£
Deferred government grant (Note 11)	2,003,342	2,067,941
Mortgage 2-5 years	209,064	257,981
More than 5 years	1,017,620	1,018,648
	<u>3,230,026</u>	<u>3,344,570</u>

The mortgage is payable in monthly instalments over 25 years. The annual interest rate is 2.25% and the mortgage of £1,500,000 is secured on the new property.

THE FINCHLEY CHARITIES

NOTES TO THE FINANCIAL STATEMENTS (continued) for the Year Ended 31 December 2020

11. DEFERRED GOVERNMENT GRANT

	Total 2020	Total 2019
	£	£
At 1 January 2020	2,132,540	2,197,139
Amortisation of grant for the year	(64,599)	(64,599)
At 31 December 2020	<u>2,067,941</u>	<u>2,132,540</u>
Due within one year	<u>64,599</u>	<u>64,599</u>
Due after one year	<u>2,003,342</u>	<u>2,067,941</u>

The Finchley Charities received government grants totalling £4,234,238 over the years of which £2,166,297 has been released to the Statement of Comprehensive Income to date.

12. RESERVES

UNRESTRICTED FUNDS

	Investments Revaluation	Property Revaluation	Revenue Fund	Total 2020	Total 2019
	£	£	£	£	£
At 31 December 2018	1,058,818	1,621,632	8,780,329	11,460,779	11,228,282
Year ended 31 December 2019:					
Surplus for the year before grant amortisation and revaluations	-	-	430,062	430,062	399,035
Amortisation of grant - current year	-	-	64,599	64,599	59,932
Transfers between reserves	-	-	(428)	(428)	(428)
Revaluation	746,578	-	-	746,578	(226,042)
At 31 December 2019	<u>1,805,396</u>	<u>1,621,632</u>	<u>9,274,562</u>	<u>12,701,590</u>	<u>11,460,779</u>
Year ended 31 December 2020:					
Surplus for the year before grant amortisation and revaluations	-	-	208,056	208,056	430,062
Amortisation of grant - current year	-	-	64,599	64,599	64,599
Transfers between reserves	-	-	(428)	(428)	(428)
Revaluation	(475,772)	-	-	(475,772)	746,578
At 31 December 2020	<u>1,329,624</u>	<u>1,621,632</u>	<u>9,546,789</u>	<u>12,498,045</u>	<u>12,701,590</u>

DESIGNATED FUNDS

	Component Accounting Fund	Cyclical Maintenance Fund	Extraordinary Repair Fund	2020 Total	2019 Total
	£	£	£	£	£
At 31 December 2018	<u>1,594,941</u>	<u>700,000</u>	<u>1,100,000</u>	<u>3,394,941</u>	<u>3,394,941</u>
At 31 December 2019	<u>1,594,941</u>	<u>700,000</u>	<u>1,100,000</u>	<u>3,394,941</u>	<u>3,394,941</u>
At 31 December 2020	<u>1,594,941</u>	<u>700,000</u>	<u>1,100,000</u>	<u>3,394,941</u>	<u>3,394,941</u>

The Component Accounting Fund was created to comply with the change to Housing Regulations in 2011.

The Cyclical Maintenance Fund provides a fund for routine repairs, should income from the housing stock be insufficient to meet these costs.

The Extraordinary Repair Fund provides a fund for major repairs, should annual income be insufficient to meet these costs.

THE FINCHLEY CHARITIES

NOTES TO THE FINANCIAL STATEMENTS (continued) for the Year Ended 31 December 2020

12 RESERVES (continued)

RESTRICTED	Residents' Donations £	Reserve for recoupment of Capital expenditure £	2020 Total £	2019 Total £
At 31 December 2018	1,189	147,222	148,411	136,916
Year ended 31 December 2019:				
Income		11,105	11,105	11,067
Expenditure	(241)	-	(241)	-
Transfers between reserves	-	428	428	428
At 31 December 2019	948	158,755	159,703	148,411
Year ended 31 December 2020:				
Income	-	11,660	11,660	11,105
Expenditure	-	-	-	(241)
Transfers between reserves	-	428	428	428
At 31 December 2020	948	170,843	171,791	159,703

13. ANALYSIS OF ASSETS AND LIABILITIES BETWEEN FUNDS

	Unrestricted funds £	Designated funds £	Restricted funds £	Property revaluation reserve £	Investment revaluation reserve £	Total funds 2020 £	Total funds 2019 £
Fixed assets:							
Housing properties	12,248,399	-	-	-	-	12,248,399	12,439,517
Office Equipment	10,196	-	-	-	-	10,196	10,097
Fuel Land Allotments	-	-	38,368	411,632	-	450,000	450,000
Investments	350,114	3,394,941	120,146	760,000	1,329,624	5,954,825	6,438,898
Investment properties	-	-	-	450,000	-	450,000	450,000
Investments-Cash	285,879	-	-	-	-	285,879	333,479
Current assets:							
Debtors	46,021	-	-	-	-	46,021	39,099
Cash at bank	382,078	-	13,277	-	-	395,355	155,769
Current liabilities:							
Creditors	(545,872)	-	-	-	-	(545,872)	(716,055)
Long Term Liabilities	(3,230,026)	-	-	-	-	#REF!	(3,344,570)
	9,546,789	3,394,941	171,791	1,621,632	1,329,624	#REF!	16,256,234

14. PAYMENTS TO CREDITORS

The Finchley Charities endeavours to settle suppliers' accounts within 30 days of receipt of invoices.

THE FINCHLEY CHARITIES

NOTES TO THE FINANCIAL STATEMENTS (continued) for the Year Ended 31 December 2020

15. ANALYSIS OF CHANGES IN NET DEBT

	At 01 Jan 2020 £	Cash flows £	Other non- cash changes £	At 31 Dec 2020 £
Cash and cash equivalent				
Cash at bank & in hand	155,769	239,586	-	395,355
Investment cash	333,479	(47,600)	-	285,879
	489,248	191,986		681,234
Borrowings				
Debt due within one year	(47,545)	48,572	(49,945)	(48,918)
Debt due after one year	(1,276,629)	-	49,945	(1,226,684)
	(1,324,174)	48,572	-	(1,275,602)
Total	(834,926)	240,558	-	(594,368)

16. STATEMENT OF COMPREHENSIVE INCOME FOR THE COMPARATIVE PERIOD

	Unrestricted funds £	Designated funds £	Restricted funds £	2019 Total £
INCOME FROM HOUSING				
Social Housing lettings	1,628,826	-	-	1,628,826
Operating expenditure	(1,528,897)	-	-	(1,528,897)
HOUSING ACTIVITY SURPLUS	99,929	-	-	99,929
Profit/(loss) on sale of investments	100,435	-	-	100,435
Investment property income	79,468	-	11,105	90,573
Interest receivable and similar income	265,361	-	-	265,361
Interest payable	(39,108)	-	-	(39,108)
Donations received	550	-	-	550
Other expenditure	-	-	(241)	(241)
Donations payable	(11,974)	-	-	(11,974)
	394,732	-	10,864	405,596
Surplus before revaluation gain on investments and transfers	494,661	-	10,864	505,525
Revaluation gains on investments	746,578	-	-	746,578
Transfers between funds	(428)	-	428	-
SURPLUS FOR THE YEAR	1,240,811	-	11,292	1,252,103
Reserves brought forward	11,460,779	3,394,941	148,411	15,004,131
Reserves carried forward	12,701,590	3,394,941	159,703	16,256,234

17. CHARITY SCHEME

The Charity Scheme provides that the Finchley Charities will make annual grants to local Church charities, providing it has the necessary financial resources. In 2020 grants to local Churches amounted to £11,500 (2019 £11,500).

18. CAPITAL COMMITMENT

At the year end there is a commitment totalling £80,838 for boiler replacements at Homefield Gardens.