

**Almshouse Charity of Elizabeth Smith**

Annual Report and Financial Statements

Year Ended 31 March 2021

Registered with the Charity Commission Number 210463

Registered with the Regulator of Social Housing Number A3714

# Annual Report and Financial Statements

For the year ended 31 March 2021

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## Advisers and bankers

Clerk and Registered Office	Bankers	Auditor
Michelle Holt The Heals Building Suites A&B 3rd floor22 – 24 Torrington Place London WC1E 7HJ	Barclays Bank plc. 1 Churchill Place Canary Wharf London E14 5HP	BDO LLP 55 Baker street London W1U 7EU

# Strategic Report

For the year ended 31 March 2021

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## Structure, Governance and Management

### Trustee

Anchor Hanover Group is the Corporate Trustee.

The Corporate Trustee receives no remuneration other than the Management Charges disclosed in note 3 and charges for other services provided as disclosed in note 17 of the notes to the Financial Statements.

Details of the membership, structure and policy for admitting new members to the Board of Anchor Hanover Group can be found in the annual report of the Association and on their website at [www.anchorhanover.org.uk](http://www.anchorhanover.org.uk).

### Code of Governance

The Board of the Corporate Trustee, Anchor Hanover Group ("Anchor Hanover"), has adopted the Financial Reporting Council's UK Corporate Governance Code 2018 (the "UKCGC") as its appropriate code of governance. The UKCGC is applied on a 'comply or explain' basis and the Board of Anchor Hanover assess their compliance with the code on an annual basis. A summary of this assessment can be found in Anchor Hanover's Annual Report and Financial Statements 2021, pages 26 to 27.

### Employees

The Charity has minimal employees as revealed in Note 4. The administration of the Charity is undertaken by employees of Anchor Hanover Group.

### Risk management

The Board of the Corporate Trustee has examined the major strategic, business and operational risks which the Charity faces and confirms that systems and procedures, including an internal audit programme, are in place so as to mitigate the significant risks that the Charity may face.

### Objectives and Activities

The governing instrument for the Almshouse Charity is a Charity Commission Scheme dated 1 September 2004.

The Charity's objective is to provide almshouse accommodation for single, poor and deserving persons, being Christian and resident in the Parish of East Malling.

### Governance and Financial Viability Standard

The Corporate Trustee is Anchor Hanover Group a Private Registered Provider. The Board of Anchor Hanover Group has assessed that it complies with the Governance and Financial Viability 2015 issued by the Regulator of Social Housing.

### Achievements and Performance

The Charity receives funds from charges raised on residents in the form of service charges and rent. The service charges are raised to cover the cost of providing support to the residents in relation to the Estate Manager, maintenance of the grounds and the maintenance of equipment. Rents are charged to the residents in line with Government guidance and are used to cover maintenance of the properties in the year and to provide resources to meet cyclical and major repairs over a number of years.

### Charitable and political contributions

No contributions were made during the financial year (2020 £Nil).

### Financial Review

The activities for the year are set out on page 9 in the Statement of Comprehensive Income. Ordinary activities show a surplus of £45,727 (2019/20: £15,128). The main contributing factor for the increase is a surplus on revaluation of current asset investment £25,842 (2019/20 Deficit £3,793).

Capital expenditure incurred in the year is £nil (2019/20: nil)

### Plans for Future Periods

In line with the Charity's objective to maintain the properties in good repair and in order to provide accommodation for rent, the Charity continues to review the fabric of the building via planned works programmes and stock condition surveys undertaken by Anchor Hanover Group. At this time there is no immediate significant expenditure required but this will be kept under annual review.

## Strategic Report

For the year ended 31 March 2021 (continued)

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### Principal risks and uncertainties

The principal uncertainty currently facing The Almshouse Charity of Elizabeth Smith relates to the impact of the Covid-19 pandemic. The board continue to monitor the pandemic, including UK Government advice, and acknowledge that the Trust faces a prolonged period of uncertainty. The evolving nature of the situation means that it is not possible to accurately quantify the financial impact; however, the Trust is in a good financial position in respect of managing this risk.

### Going concern

The World Health Organisation classed Covid-19 as a pandemic on 11 March 2020. Following that announcement, the UK Government introduced various measures to address the impact in the UK resulting in lockdown from 23 March 2020. The management team of Anchor Hanover moved swiftly to implement business continuity plans, and we thank our colleagues, our local authority partners, our key suppliers and development partners for working with us to make a proactive response during that period.

There was no impact on the financial position of the Trust in the year ended 31 March 2021.

The unprecedented impact of the Covid-19 pandemic on the UK and globally continued to overshadow the 2020/21 financial year for many organisations, as well as bringing concern and loss to families and communities across the country. Our sympathies continue to be with residents, their relatives and our colleagues who have lost loved ones as a result of the virus.

The UK continues to evolve in response to the challenges of Covid-19 and we continue to take proactive steps to ensure that we are well-positioned.

Whilst access to the properties to undertake maintenance was restricted during the earlier parts of the pandemic, access has commenced to all our properties and we expect to complete all essential maintenance works in line with expectations. Occupancy rates have remained constant throughout the pandemic. The low void rate together with strong short-term investments and revenue reserves provide assurance that the Trustees conclude that the Trust is a going concern for the next 12 months.

### Value for money statement

As a corporate trust of the Anchor Hanover Group, (AHG) the strategic and operational management of the properties is fully aligned to the wider stock portfolio of AHG. As such the approach to VFM for the Corporate Trusts is fully integrated and therefore does not differ to the approach adopted for AHG. For a copy of the self-assessment we would therefore refer to that contained within Anchor Hanover's annual report.

Under the Value for Money Standard issued by the Regulator of Social Housing in April 2018 and the subsequent Value for Money Metrics Technical Note Guidance updated in May 2021, registered providers with a stock of less than 1,000 units are required to publish their Value for Money metrics. These are shown below for the Charity and are in addition to the overall approach taken to achieving value for money agreed by the Board of Anchor Hanover Group as Corporate Trustee and managing agent.

	2021	2020
<b>Metric 1 - Re-investment %</b>	0%	0%

This metric looks at the investment in properties (existing stock as well as New Supply) as a percentage of the value of total properties held. For the Charity with its limited resources the focus is on maintaining its existing properties into the future. Planned and routine maintenance are a part of this and all, but the largest planned works are expended through the Statement of Comprehensive Income and charged to the cyclical and extraordinary repairs reserves.

## Strategic Report

For the year ended 31 March 2021 (continued)

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	2021	2020
<b>Metric 2a – New supply delivered (social housing units) %</b>	0%	0%
<b>Metric 2b – New supply delivered (non-social housing units) %</b>	0%	0%

This metric sets out the number of new social housing and non-social housing units that have been acquired or developed in the year as a proportion of total social housing units and non-social housing units owned at period end. The Charity's focus is on maintaining its existing properties in to the future and currently does not have the financial capacity to develop new properties.

	2021	2020
<b>Metric 3 - Gearing %</b>	0%	1%

This metric assesses how much of the adjusted assets are made up of debt and the degree of dependence on debt finance. The Charity has no loans or overdraft facilities. The tangible fixed assets which the cash and loans are compared to is also relatively low as there is no cost associated with the original cost of the properties, only subsequent capitalised repairs expenditure.

	2021	2020
<b>Metric 4 – EBITDA MRI interest cover %</b>	11,214%	2,111%

This metric is a key indicator for liquidity and investment capacity. It seeks to measure the level of surplus that a registered provider generates, adjusted for amortisation and depreciation, compared to interest payable. The Charity has no loans or overdraft facilities and, therefore, no interest payable.

	2021	2020
<b>Metric 5 – Headline social housing cost per year</b>	3,600	3,365

This metric assesses the headline social housing cost per unit as defined by the Regulator. The increase in the cost per unit for 2021 is due to the increased major repairs costs incurred in the year.

	2021	2020
<b>Metric 6a – Operating margin (social housing lettings) %</b>	22%	22%
<b>Metric 6b – Operating margin (overall) %</b>	29%	29%

This metric demonstrates the profitability of operating assets before exceptional expenses are taken into account. Increasing margins are one way to improve the financial efficiency of a business. In assessing this ratio, it is important that consideration is given to registered providers' purpose and objectives (including their social objectives). For the Charity the relatively high ratios for 2021 are a result of there being relatively low levels of major repairs and routine maintenance expenditure in the year.

	2021	2020
<b>Metric 7 – Return on Capital Employed (ROCE) %</b>	3%	3%

This metric compares the operating surplus to total assets less current liabilities and is a common measure in the commercial sector to assess the efficient investment of capital resources.

## Report of the Board

For the year ended 31 March 2021 (continued)

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### Statement of the Board of the Corporate Trustee's responsibilities in respect of the Annual Report and the Financial Statements

Under the trust deed and rules of the charity and charity law, the trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations. The trustees have elected to prepare the financial statements in accordance with UK Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

The financial statements are required by law to give a true and fair view of the state of affairs of the charity and of the excess of income over expenditure for that period.

In preparing these financial statements, generally accepted accounting practice entails that the trustees:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- state whether the financial statements comply with the trust deed and rules, subject to any material departures disclosed and explained in the financial statements; and
- assess the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

The Board of the Corporate Trustee is required to act in accordance with the governing instrument of the Trust, within the framework of trust law. The Board of the Corporate Trustee is responsible for keeping proper accounting records, sufficient to disclose at any time, with reasonable accuracy, the financial position of the Trust at that time and enable the Board of the Corporate Trustee to ensure that its Financial Statements comply with the Charities Act 2011, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. The Board of the Corporate Trustee has general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Trust and to prevent and detect fraud and other irregularities.

### Awareness of relevant audit information

The Members of the Board of the Corporate Trustee who held office at the date of approval of this Report of the Board of the Corporate Trustee confirm that, so far as they are each aware, there is no relevant audit information of which the Trust's auditor is unaware and each Member of the Board of the Corporate Trustee has taken all the steps that they ought to have taken as Members of the Board of the Corporate Trustee to make themselves aware of any relevant audit information and to establish that the Charity's auditor is aware of that information.

### Auditor

BDO LLP has expressed its willingness to continue in office as auditor to the Almshouse Charity of Elizabeth Smith.

A resolution to reappoint BDO LLP as auditor will be approved by the Board of Anchor Hanover Group .



**Jane Ashcroft CBE**  
Executive Board Member



**Sarah Jones**  
Executive Board Member



**Michelle Holt**  
Clerk

Date: 8 September 2021

# **Independent Auditor's Report**

## **For the year ended 31 March 2021**

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### **INDEPENDENT AUDITOR'S REPORT TO TRUSTEES THE ALMSHOUSE CHARITY OF ELIZABETH SMITH**

#### **Opinion on the financial statements**

In our opinion, the financial statements:

- give a true and fair view of the state of the Charity's affairs as at 31 March 2021 and of 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 2019.

We have audited the financial statements of the Almshouse Charity of Elizabeth Smith ("the Charity") for the year ended 31 March 2021 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, 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).

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Independence*

We remain independent of the Charity in accordance with the ethical requirements 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.

#### **Conclusions related to going concern**

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the 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 Trustees 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 auditor's report thereon. The other information comprises: the Strategic report and the Directors report. 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. 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.

## **Independent Auditor's Report**

For the year ended 31 March 2021 (continued)

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### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters in relation to which the Charities Act 2011, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019 requires us to report to you if, in our opinion;

- the information contained in the financial statements is inconsistent in any material respect with the Trustees' Annual Report; or
- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of Trustees**

As explained more fully in the Board of the Corporate Trustee's statement, the Trustees 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 determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's responsibilities for the audit of the financial statements**

We have been appointed as auditor under Charities Act 2011, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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.

#### *Extent to which the audit was capable of detecting irregularities, including fraud*

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

- Agreement of the financial statement disclosures to underlying supporting documentation;
- Identifying and testing journal entries, with a focus on manual journals to revenue and journals indicating large or unusual transactions based on our understanding of the business;
- Challenging assumptions, accounting estimates and judgements made by the Directors, specifically classification of housing properties;
- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Obtaining an understanding of the control environment in monitoring compliance with laws and regulations

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.



## Independent Auditor's Report

For the year ended 31 March 2021 (continued)

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A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ("FRC's") website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### Use of our report

This report is made solely to the Charity's trustees, as a body, in accordance with Charities Act 2011, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Charity and the Charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:  
  
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Philip Cliftlands  
BDO LLP, statutory auditor  
London, UK  
Date 10 September 2021

BDO LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# Statement of Comprehensive Income

For the year ended 31 March 2021

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	<b>Note</b>	<b>2021 £</b>	<b>2020 £</b>
<b>Turnover</b>	2	69,509	66,577
Operating costs	2	(49,590)	(47,318)
<b>Operating surplus</b>		19,919	19,259
Interest receivable and similar income	5	211	972
Interest payable and similar charges	6	(245)	(1,310)
<b>Surplus on ordinary activities</b>		19,885	18,921
Unrealised surplus/(loss) on revaluation of current asset investments	9	25,842	(3,793)
<b>Total comprehensive income for the year</b>		45,727	15,128

There is no material difference between the surplus for the year as stated above and its historical cost equivalent.

All amounts relate to continuing activities.

The notes on pages 13 to 23 form part of these Financial Statements.

**Statement of Financial Position**  
For the year ended 31 March 2021

	Note	2021 £	2021 £	2020 £	2020 £
<b>Fixed assets</b>					
Housing properties	10		344,574		358,161
Other fixed assets	10		2,633		3,281
			<u>347,207</u>		<u>361,442</u>
<b>Current assets</b>					
Trade and other debtors	11	4,612		16,393	
Short term investment	12	290,797		221,747	
Cash at bank and in hand		446		446	
Less Creditors: amounts falling due within one year	13	<u>(31,701)</u>		<u>(23,313)</u>	
<b>Net current assets</b>			264,154		215,273
<b>Total assets less current liabilities</b>			<u>611,361</u>		<u>576,715</u>
Creditors					
Amounts falling due after one year	14		(200,022)		(211,103)
			<u>411,339</u>		<u>365,612</u>
<b>Capital and reserves</b>					
Revenue reserves			319,964		275,835
Designated reserves:			91,375		89,777
			<u>411,339</u>		<u>365,612</u>

The notes on pages 13 to 23 form part of these Financial Statements.

The Financial Statements were approved for issue on behalf of the Corporate Trustee by the Board of Anchor Hanover Group on 8 September 2021 and were signed by:



**Jane Ashcroft CBE**  
Executive Board Member



**Sarah Jones**  
Executive Board Member



**Michelle Holt**  
Clerk

# Statement of Changes in Reserves

For the year ended 31 March 2021

	Revenue Reserves £	Renewals Reserve £	Extraordinary Repairs Reserve £	Cyclical Maintenance Reserve £	Total Reserves £
At 1 April 2019	<b>267,374</b>	<b>19,336</b>	<b>19,747</b>	<b>44,027</b>	<b>324,834</b>
Transfers (to)/from other reserves	(6,667)	352	4,815	1,500	-
Surplus in year	15,128	-	-	-	15,128
At 31 March 2020	<b>275,835</b>	<b>19,688</b>	<b>24,562</b>	<b>45,527</b>	<b>365,612</b>
Transfers (to)/from other reserves	(1,598)	357	(259)	1,500	-
Surplus in year	45,727	-	-	-	45,727
At 31 March 2021	<b>319,964</b>	<b>20,045</b>	<b>24,303</b>	<b>47,027</b>	<b>411,339</b>

The notes on pages 13 to 23 form part of these Financial Statements.

**Statement of Cash Flows**  
For the year ended 31 March 2021

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>Cash flow from operating activities</b>		
Operating surplus for the year	19,919	19,259
Depreciation of tangible fixed assets	14,235	14,319
Amortisation of capital grant	(6,242)	(6,242)
(Increase) / decrease in trade and other debtors	11,781	(23,322)
(Decrease) / Increase in trade and other creditors	7,806	(53,476)
	<u>47,499</u>	<u>(49,463)</u>
<b>Cash flow from investing activities</b>		
Purchase of tangible fixed assets	-	(386)
Purchase of investments	-	-
Interest received	211	972
Fair Value Investments	(1,000)	(1,000)
	<u>46,709</u>	<u>(49,877)</u>
<b>Cash flow from financing activities</b>		
Interest paid	(245)	(1,310)
Repayment of borrowings	(4,254)	(13,840)
	<u>42,211</u>	<u>(65,027)</u>
<b>Net change in cash and cash equivalents</b>		
Cash and cash equivalents at 1 April	120,130	185,159
Cash and cash equivalents at 31 March	<u>162,340</u>	<u>120,130</u>
	<u>42,211</u>	<u>(65,027)</u>
<b>Analysis of cash and cash equivalents</b>		
Cash in hand	446	446
Monies on deposit	<u>161,894</u>	<u>119,685</u>
Total cash and cash equivalents	<u>162,340</u>	<u>120,130</u>

The notes on pages 13 to 23 form part of these Financial Statements.

**1(a) Accounting policies**

**General Information**

The Charity provides housing to elderly people. The Charity is a public benefit entity and is registered with both the Regulator of Social Housing – registration number A3714 and the Charities Commission in the United Kingdom - registration number is 210463. The registered office is The Heals Building Suites, A & B 3rd floor, 22 – 24 Torrington Place, London, WC1E 7HJ.

The Financial Statements have been prepared in accordance with Financial Reporting Standard 102 – the financial reporting standard applicable in the UK and Republic of Ireland (FRS102), the Statement of Recommended Practice: Accounting by Registered Social Landlords Update 2018 (SORP), the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

**Basis of accounting**

The Financial Statements are prepared on the historic cost and accruals basis of accounting, as modified to include the fair value of financial instruments and on the basis of going concern. The Financial Statements are presented in Sterling (£).

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these Financial Statements.

**Employees**

The Charity has minimal employees as revealed in Note 4. The administration of the Charity is undertaken by employees of Anchor Hanover Housing Association

**Going concern**

The Charity's business activities and factors that are likely to affect its plans for future periods are set out in the Strategic Report. The Charity has in place adequate unrestricted reserves and resources to fund its financial obligations as they fall due and its day to day operations.

On this basis, the Corporate Trustee has a reasonable expectation that the Charity 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, the Charity has adopted the going concern basis in preparing its Financial Statements.

**Turnover**

Turnover represents rental income from licensees and service charges receivable and turnover is recognised when the Charity is entitled to it. Rental income and service charges receivable are shown net of voids. Void losses are only recognised where the properties are available for letting.

**1(a) Accounting policies (*continued*)**

**Revaluation of current asset investments**

Current assets investments are stated at market value. Any unrealised surplus or deficit arising on revaluation of the investments is recognised in the statement of comprehensive income. The aggregate realised surplus or deficit arising on the sale of investments is reflected in the statement of comprehensive income.

**Designated reserves**

The Charity sets aside a reserve for building repairs and maintenance in accordance with a planned programme of work. This includes external painting, re-painting, repairs and internal decoration of common parts and the estate manager's accommodation.

**Fixed assets**

Fixed assets are stated using the cost model at cost less cumulative depreciation less impairment. Fixed assets include housing properties held for social benefit purposes and scheme equipment.

Housing properties are principally properties available for rent. Housing properties are stated at cost less accumulated depreciation and impairment. Where housing properties are acquired from third parties the cost is their purchase price together with any costs of acquisition, improvement and interest payable.

**Subsequent expenditure to housing properties**

Works to existing properties which replace a component that has been identified separately for depreciation purposes, along with those works that result in enhancing the economic benefits of the properties, are capitalised as improvements. Where a component is replaced the cost and related depreciation are eliminated from tangible fixed assets. Economic benefits are enhanced if work performed results in an increase in rental income, a reduction in future maintenance costs or a significant extension to the useful economic life of a property. Shared ownership properties are split between current and non-current assets based on the anticipated proportion to be a first tranche sale with the first tranche proportion recognised as a current asset.

Scheme equipment is shown at cost less cumulative depreciation.

Housing properties are stated at cost less cumulative depreciation.

**Depreciation**

Freehold land is not depreciated.

Under FRS102, housing properties are required to be depreciated from the latest of completion date and acquisition date. The Charity has elected to depreciate historic cost over a period of 50 years from the applicable date.

Using component costing principles housing properties are divided into components which are depreciated at the following annual rates:

Component	Life (Years)	Depreciation
Building structure, roofing, drainage, roadways and footpaths	50	2.0%
Doors and windows	30	3.3%
Kitchens and bathrooms	25	4.0%
Heating boilers	15	6.6%

Scheme equipment is depreciated at varying annual rates as follows:

Component	Life (Years)	Depreciation
Lifts cars	30	3.3%
Security, heating, aerials and communal kitchen equipment	20	5.0%
Warden alarm, door entry and lift motors	15	6.6%
Other shared areas	10	10.0%
Other scheme equipment	4	25.0%

**1(a) Accounting policies (*continued*)**

**Social Housing Grant**

Social Housing Grant (SHG) is a capital grant made to the Charity towards the cost of acquiring and/or building housing for rent or sale. Under shared ownership arrangements, Social Housing Grant is received from Homes and Communities Agency (HCA) and the Greater London Authority (GLA) on a basis related to cost but varying according to area and type of scheme.

Social Housing Grant is included in Creditors: amounts falling due after more than one year in the Statement of Financial Position and is amortised annually to the Statement of Comprehensive Income over the expected useful lives of the assets to which they relate or in periods in which the related costs are incurred. The accumulated amortised government grants represent contingent liabilities and materialises when the relevant property to which the amortised grant ceases to be used for social housing purposes usually due to disposal of the housing asset.

Social Housing Grants are accounted for as deferred income and as a liability due within one year and after more than one year. The income is recognised through the statement of comprehensive income over the life of the building structure for which it was received.

**Financial instruments - Basic financial instruments**

**Trade and other debtors / creditors**

Trade and other debtors / creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors.

In line with FRS 102 section 34; the Charity as a public benefit entity, has accounted for as concessionary loans all debtors or creditors that would have been classified as financing transactions such as deferred payment arrangement and are therefore being carried in the Statement of Financial Position at amortised cost.

Concessionary loans are financing arrangements between a public benefit entity such as the Charity and another party at nil percent or at below market rate of interest that are not repayable on demand and are for the purposes of furthering the objectives of the public benefit entity.

**Short-term investments**

Investments made by the Charity are a combination of short term bank deposits and fund investments managed by specialist managers and provided for non profit investors.

The short term bank deposits are classified as basic and recognised at amortised cost using an effective interest rate.

The fund investments are classified as complex instruments and recognised at market value. Market value is based on a publicly available price. Gains and losses on revaluation of fund investments are included in the Statement of Comprehensive Income.

**Impairment of debtors**

Provision is made for the impairment of current rent debtors when the debt is overdue by 90 days or more. The provision is for 100% of the amount overdue. Provision for the debts of former tenants is provided at 100%.

Sales ledger debts aged 3-5 months are provided at 10% of the amount due. Those more than 6 months old are provided at 25%. After this time a decision will be made concerning the write-off of the debt.

**Other long-term creditors**

Other long-term creditors include the costs of arranging long-term funding and premiums received on the issue of bonds. These amounts are amortised over the period of the underlying financial instrument. Also included in Other long-term creditors is the unamortised element of the social housing grant less an amount due for amortisation in the following year.



**1(a) Accounting policies (*continued*)**

**Financial instruments - Basic financial instruments (*continued*)**

**Cash and cash equivalents**

Cash and cash equivalents comprise of cash balances and short term investments, which can be liquidated at short notice with no loss of capital. Bank overdrafts that are repayable on demand and form an integral part of the Charity's cash management are included as a component of cash and cash equivalents for the purpose of the cash flow statement.

**1(b) Judgements and Accounting estimates**

The preparation of the Financial Statements requires trustees to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the reporting date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements and estimates have had the most significant effect on amounts recognised in the Financial Statements;

**Classification of housing properties**

The Trust has undertaken a detailed review of the intended use of all housing properties. In determining the intended use, the Trust has considered if the asset is held for social benefit or to earn commercial rentals. The Trust determined that its housing portfolio is held for social benefit purposes and is therefore accounted under FRS 102 section 17.

**Provision for bad and doubtful debts**

Provisions for bad and doubtful debts are calculated based on average collection rate by amount overdue. The Trustee makes judgements about the recoverability of debtors and the bad debt provision rate to apply to each specific debtor based on recoverability risk of the debtor.

**Determining whether a debt instrument satisfies the requirement to be treated as basic**

Judgement is required to determine whether a debt instruments satisfies the requirements in FRS 102 Paragraph 11.9 to be treated as basic. For debt instruments to be classified as basic financial instruments the interest must be a positive amount or positive rate, at market rates. They should not be index linked excluding RPI and the lender cannot unilaterally amend interest rates. Debt instruments are utilised to provide long term funding for the Charity's operations and not for speculative trading. Facilities with two-way break clauses are judged to be basic.

**Notes forming part of the Financial Statements**  
For the year ended 31 March 2021

**2 Particulars of turnover, operating costs and operating surplus**

	Turnover £	2021 Operating costs £	Operating surplus £
<b>Social housing activities:</b>			
Housing accommodation (see note 3)	63,266	(49,590)	13,676
Amortisation of capital grant	6,243	-	6,243
	<u>66,509</u>	<u>(49,590)</u>	<u>19,919</u>
	Turnover £	2020 Operating costs £	Operating surplus £
<b>Social housing activities:</b>			
Housing accommodation (see note 3)	60,334	(47,318)	13,016
Amortisation of capital grant	6,243	-	6,243
	<u>66,577</u>	<u>(47,318)</u>	<u>19,259</u>

**3 Particulars of income and expenditure from social housing lettings**

	2021 £	2020 £
<b>Income from lettings</b>		
Rent receivable net of identifiable service charges and rent losses from voids	53,878	52,079
Service charge income	9,388	8,255
	<u>63,266</u>	<u>60,334</u>
<b>Turnover from social housing lettings</b>		
<b>Expenditure on letting activities</b>		
Service charge costs	(9,036)	(7,902)
Management	(12,150)	(11,852)
Bad debts written off and movement in provision	(1,899)	107
Routine maintenance	(7,316)	(10,651)
Major repairs expenditure	(5,369)	(185)
Depreciation of housing properties	(13,587)	(13,671)
Other costs	(233)	(3,164)
	<u>(49,590)</u>	<u>(47,318)</u>
<b>Operating costs on social housing lettings</b>		
<b>Operating surplus on social housing lettings</b>	<u>13,676</u>	<u>13,016</u>
<b>Rent losses from voids</b>	<u>(653)</u>	<u>(1,163)</u>

No segmental analysis is shown for housing accommodation as the Charity owns and manages only general needs accommodation.

**Notes forming part of the Financial Statements**  
For the year ended 31 March 2021

**4 Employee information**

	<b>2021 Number</b>	<b>2020 Number</b>
Estate Manager	1	1
Average number of employees expressed as Full time equivalent	-	-
Staff costs (for the above person)		
Wages and salaries	3,428	3,318
Social security costs	218	201
Pension costs	203	199
	<u>3,849</u>	<u>3,718</u>

**5 Interest receivable and similar income**

	<b>2021 £</b>	<b>2020 £</b>
Interest receivable from listed investments	-	-
Other interest	211	972
	<u>211</u>	<u>972</u>

**6 Interest payable and similar income**

	<b>2021 £</b>	<b>2020 £</b>
On bank loans and other loans	<u>245</u>	<u>1,310</u>

**7 Surplus on ordinary activities**

	<b>2021 £</b>	<b>2020 £</b>
Surplus / (Deficit) on ordinary activities is stated after charging:		
Depreciation of fixed assets	14,235	14,319

The Trust's audit fee for 2020/21 of £2,000 is paid by AHG and recharged as part of Management Fee (2019/20: £2,000)

**Notes forming part of the Financial Statements**  
For the year ended 31 March 2021

**8 Taxation**

No provision for UK taxation has been made as all income and gains are used exclusively for charitable purposes and are therefore exempt from taxation.

**9 Surplus / (Deficit) on revaluation of current asset investments**

	2021 £	2020 £
Surplus / (Deficit) on revaluation of current asset investments	25,842	(3,793)

The Charity was established in the late nineteenth century. There is no record of the original cost of the almshouses and no value is attributed thereto. Freehold housing properties detailed above relate to improvements carried out since 1988, which were partly funded by a Homes England Grant of £312,144 and a Residual Mortgage Loan repayable over thirty years. The balance was provided from the Charity's own resources.

**10 Tangible fixed assets**

	Freehold housing properties £	Scheme equipment £	Total £
<b>Cost</b>			
At 1 April 2020	512,205	9,113	521,318
Additions	-	-	-
Disposals	-	-	-
At 31 March 2021	512,205	9,113	521,318
<b>Depreciation</b>			
At 1 April 2020	(154,044)	(5,832)	(159,876)
Charge for the year	(13,587)	(648)	(14,235)
Disposals	-	-	-
At 31 March 2021	(167,631)	(6,480)	(174,111)
<b>Net book value</b>			
At 31 March 2021	344,574	2,663	347,207
At 31 March 2020	358,161	3,281	361,442

**Notes forming part of the Financial Statements**  
For the year ended 31 March 2021

**11 Debtors**

	<b>2021</b> £	<b>2020</b> £
Amounts receivable within one year:		
Rent and service charge arrears	2,496	282
Less: bad debt provision	(1,899)	-
	<u>597</u>	<u>282</u>
Amounts receivable after more than one year:		
Anchor Hanover Group	3,324	15,840
Service charge deficits	-	265
Other debtors, prepayments and accrued income	691	6
	<u>4,612</u>	<u>16,393</u>

**12 Current asset investments**

	<b>2021</b> £	<b>2020</b> £
Short term deposits	161,894	119,685
Listed investments at market value:		
- NAACIF	28,877	21,646
- COIF	100,026	80,416
Value at 31 March	<u>290,797</u>	<u>221,747</u>
Cost of listed investments (NAACIF)	<u>25,529</u>	<u>24,529</u>
Cost of listed investments (COIF)	<u>24,935</u>	<u>24,935</u>

**Analysis of movement of listed investments**

	<b>2021</b> £	<b>2020</b> £
Value at 1 April	102,062	104,856
Additions at cost	1,000	1,000
Net surplus / (deficit) on revaluation	25,650	(3,793)
Value 31 March	<u>128,712</u>	<u>102,062</u>

The Charity holds income shares in the National Association of Almshouses Common Investment Fund purchased prior to 1970 held at current value with no original cost ascribed.

**Notes forming part of the Financial Statements**  
For the year ended 31 March 2021

**13 Creditors: amounts falling due within one year**

	<b>2021</b> <b>£</b>	<b>2020</b> <b>£</b>
Rents and service charges received in advance	2,858	976
Service charge surpluses	834	-
Other creditors, accruals and deferred income	21,766	15,914
Deferred grant income	6,243	6,243
	<u>31,701</u>	<u>23,313</u>

**14 Creditors: amounts falling due after more than one year**

	<b>2021</b> <b>£</b>	<b>2020</b> <b>£</b>
Housing loan repayments	-	4,254
Service charge surpluses	251	834
Deferred grant income	199,771	206,015
	<u>200,022</u>	<u>211,103</u>

	<b>2021</b> <b>£</b>	<b>2020</b> <b>£</b>
Housing loan repayments		
Between one and two years	-	-
Between two and five years	-	-
In five years or more	-	-
	<u>-</u>	<u>-</u>

**15 Capital commitments**

The Charity had no capital commitments at 31 March 2021 (2020: Nil).

**16 Contingent liabilities**

The Board of the Corporate trust is not aware of any contingent liabilities (2020: Nil).

## Notes forming part of the Financial Statements

For the year ended 31 March 2021

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### 17 Related party transactions

Anchor Hanover Group, the Corporate Trustee, also acts as the managing agent for the Trust providing various services for which fees are paid as follows:

	2021 £	2020 £
Management fees	10,810	10,619
Service charge and technical services fees	2,280	2,228
Alarm and alarm monitoring services	736	728
	<hr/>	<hr/>
	13,826	13,635
	<hr/>	<hr/>

As part of the arrangement Anchor Hanover Group also provides short term funding and cash management for the day to day operations of the Trust and the amount outstanding at 31 March is as follows:-

	2021 £	2020 £
Amounts owing to Anchor Hanover Group	(3,324)	(15,840)
	<hr/>	<hr/>

### 18 Legislative provisions

The Charity is an unincorporated charity registered with the Charity Commission.

### 19 Payments to creditors

The Charity's policy is to pay all invoices within 28 days or in accordance with agreed terms.

**Notes forming part of the Financial Statements**  
For the year ended 31 March 2021

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**20 Deferred grant income**

	<b>2021</b> <b>£</b>	<b>2020</b> <b>£</b>
Income		
Balance at 1 <sup>st</sup> April	312,144	312,144
	<hr/>	<hr/>
Balance at 31 <sup>st</sup> March	312,144	312,144
	<hr/>	<hr/>
Amortisation at 1 <sup>st</sup> April	99,887	93,644
In year	6,243	6,243
	<hr/>	<hr/>
Total amortisation	106,130	99,887
	<hr/>	<hr/>
Net value of grant	206,014	212,257
	<hr/>	<hr/>
Amounts due < 1 year	6,243	6,243
Amounts due > 1 year	199,771	206,014
	<hr/>	<hr/>
	206,014	212,257
	<hr/>	<hr/>