

THE FINCHLEY CHARITIES
TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2018

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

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

THE FINCHLEY CHARITIES

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for the Year Ended 31 December 2018

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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) Mr Roger Chapman (N) Dr Brian Coleman (C) Ms Elizabeth Davies (N) until 12/2/2018, (C) from 12/2/2018 - Chairman Mr Andrew Galatopoulos (N) Mr C John Huckstep (C) Mr Martin O'Donnell (C) - Vice Chairman Mr Colin Rogers (C) Cllr. Daniel Thomas (N) The Rev. Philip Davison (E) Ms Toni Morgan (C) Mr Mahmood Syed FCA (C) – (resigned 10/09/2018) Mr Graham Old (C) - (appointed 12/02/2018) (C) Co-opted (E) Ex-Officio (N) Nominated by London Borough of Barnet	
FULL TIME CHIEF EXECUTIVE:	Mrs S Faridi xMPA, Cert.ICSA	
MANAGERS	Central Services & Compliance Manager: Adam Alive Property Services Manager: Subir Soonack Housing Services Manager: Ms Claire Young	
ACCOUNTANTS/ AUDITORS	Alwyns LLP Chartered Accountants Trinity House, Sewardstone Road Waltham Abbey Essex EN9 1PH	Hewitt Warin Limited Chartered Accountants & Registered Auditors Harlow Enterprise Hub Edinburgh Way Essex CM20 2NQ
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 2018**

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 operate 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.

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 four 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 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.

In 2014 a sub-committee was set up called the New Build Committee to meet monthly to review and authorise progress on the development of 16 new flats 22 – 25 Thackrah Close on The Finchley Charities' current site at Wilmot Close.

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.

The Finchley Charities comply with the National Housing Federation's Code of Governance and adopts best practice in all areas of governance and accountability.

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.

THE FINCHLEY CHARITIES

REPORT OF THE TRUSTEES (continued) **for the Year Ended 31 December 2018**

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.

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 and Alwyns. The Investment Manager updates the committee twice a year. Minutes of these Meetings are presented for discussion at the next Trustees Meeting.

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. Currently it employs the Chief Executive, a Central Services and Compliance Manager, Property Services Manager, Housing Services Manager, three Administration Assistants, six Sheltered Housing Officers and a part time gardener at one site. A new performance management framework has been introduced to ensure all staff are supported, provided with regular 1-2-1s and yearly appraisals together with performance delivery plans. The Finchley Charities are committed to training and development of all staff. The new framework ensures staff at all levels have the opportunity to meet, raise and discuss issues with the Chief Executive or their Manager and ultimately with the Trustees as appropriate.

The Finchley Charities reviewed and completed a successful staffing restructure during 2018 to improve service delivery and make financial efficiencies. From September to 31 December 2018 The Finchley Charities employed the Chief Executive, a Central Services and Compliance Manager, Property Services Manager, Housing Services Manager, one Administration Assistant, one Housing Officer, five Sheltered Housing Officers and a part time gardener at one site.

Equality and Diversity Policy

The Trustees are committed to eliminating discrimination and promoting equal opportunities for all staff and residents, whether they are under a licence to occupy or tenancy agreement.

THE FINCHLEY CHARITIES

REPORT OF THE TRUSTEES (continued) **for the Year Ended 31 December 2018**

Trustees Liability Insurance

As allowed by its mandate, the Trustees have taken out cover of £500,000 at an annual cost of £709.

Activity in the Year

The number of units for social housing at 31 December 2018 was 172 compared to 156 in the previous year. We are pleased to report The Finchley Charities new development completed in July 2018 and by the first week in August all 16 units had been successfully let increasing lettable properties to 172 from 156. The Trustees are delighted to report that there was 100% occupancy at 31 December 2018 and there is also a waiting list for units when vacancies arise.

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.

Four 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.

Possible candidates for Co-opted Trusteeship are usually known and nominated by existing Trustees and appointed by the Trustees as a body. In future it may be decided to advertise vacancies. 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 2018

To maintain the standard of sheltered housing by continuing the programme of refurbishments. To work on achieving a balance between income and expenditure whilst maintaining the level of services expected by residents. To complete the development of 16 new flats on the Wilmot Close site. Review the staffing structure to improve and ensure good service delivery and financial efficiencies.

THE FINCHLEY CHARITIES

REPORT OF THE TRUSTEES (continued) **for the Year Ended 31 December 2018**

Achievement and Performance Review

The Finchley Charities have reviewed their cost base and asset management, particularly with regard to reducing the amounts paid for property refurbishments and maintenance whilst mindful of keeping the standard of accommodation expected for residents. A stock condition survey was carried out in 2017 and plans are in place to review all property services contracts and the five-year planned maintenance programme. Following this review to ensure value for money, competitiveness, ensuring best value and best practice, The Finchley Charities have started the procurement process for three new contracts - Compliance, Repairs / Maintenance and Planned works, and Gardening & Grounds Maintenance. The tendering process started at the end of 2018 and the Compliance contract awarded in December 2018. The further two contracts will be processed and awarded during the first quarter of 2019.

The Finchley Charities are delighted to announce that the new development (22-25 Thackrah Close) completed in July 2018 and won an Inside Housing Award for Best Inclusive Development.

The Finchley Charities are currently reviewing income from Housing to enable funding of future property expenditure necessary to maintain the Decent Homes Standards and to continue to provide safe, secure and quality accommodation in a pleasant environment for the residents to live in.

Public Benefit

The Finchley Charities provides accommodation for the poor and needy and those residents 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
Other	£250

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.

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.

THE FINCHLEY CHARITIES

REPORT OF THE TRUSTEES (continued) **for the Year Ended 31 December 2018**

Financial Review of the Year

The surplus before revaluation gains on investments for the year was £470,034 (2017 - £534,442).

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

	2018	2017
	£	£
Income from Housing	1,230,402	1,115,462
Direct costs	(273,157)	(269,203)
	<hr/> 957,245	<hr/> 846,259
Administration costs	(431,115)	(509,587)
Depreciation	(233,204)	(202,973)
Grant Amortisation	59,932	56,599
	<hr/> 352,858	<hr/> 190,298
Cyclical Maintenance Fund costs	(218,550)	(129,762)
Housing activity surplus	<hr/> 134,308	<hr/> 60,536
Other income less donations paid	266,363	271,752
Operating Surplus	<hr/> 400,671	<hr/> 332,288
Profit/(Loss) on sale of investments	69,363	202,154
Surplus for the year before revaluation gains/(losses) on investments	<hr/> 470,034	<hr/> 534,442

The Trustees are continuing to increase income so that it covers future planned costs.

The Finchley Charities comply 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 review their investment performance on a regular basis with their 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 an increase in reserves to £15,004,131 at 31 December 2018 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 2018 were £621,466.

THE FINCHLEY CHARITIES

REPORT OF THE TRUSTEES (continued) **for the Year Ended 31 December 2018**

2018 has proved to be a challenging but exciting year for The Finchley Charities. The new development of 16 flats at Wilmot Close 22 – 25 Thackrah Close, completed in July 2018 and the flats fully occupied by the beginning of August 2018.

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

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

Following the successful Trustee away day in January 2018, the new five-year strategy was further developed to plan longer term ambitions, to build further homes, reviewing and improving services, processes and a governance review. Plans are now well underway and will form part of the overall strategy which will be reviewed periodically.

The Finchley Charities' main focus over the next two years will be the planned works programme, to ensure that accommodation is maintained at a good standard for our residents.

Over the last two years The Finchley Charities has undergone a significant programme of change and the next year will focus on consolidating these new systems and processes for the benefit of our residents.

Responsibilities of the Trustees

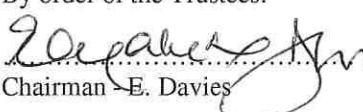
The Trustees are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and regulations.

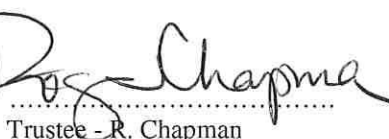
The law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare The Finchley Charities' financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting 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 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 2015 and the Statement of Recommended Practice: Accounting by registered social housing providers (SORP 2014). 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 - E. Davies


Trustee - R. Chapman

13TH MAY 2019
Date

THE FINCHLEY CHARITIES

REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF THE FINCHLEY CHARITIES **for the Year Ended 31 December 2018**

Opinion

We have audited the financial statements of The Finchley Charities for the year ended 31 December 2018 on pages 10 to 21. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

In our opinion the financial statements:

- give a true and fair view of the state of The Finchley Charities' affairs as at 31 December 2018 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 2015.

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

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

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

Other information

The 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 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, 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 2018**

Matters on which we are required to report by exception

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:

- the information given in the Report of the Trustees is inconsistent in any material respect with the financial statements ; or
- sufficient 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 Statement of Trustees Responsibilities set out on page seven, 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.

Responsibilities of trustees

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.

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.



Hewitt Warin Ltd
Chartered Accountants and Statutory Auditors
Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006
Harlow Enterprise Hub
Edinburgh Way
Harlow
Essex
CM20 2NQ

Date: 22nd May 2019

THE FINCHLEY CHARITIES

STATEMENT OF COMPREHENSIVE INCOME

for the Year Ended 31 December 2018

		Unrestricted funds	Designated funds	Restricted funds	2018 Total	2017 Total
	Note	£	£	£	£	£
INCOME FROM HOUSING						
Social housing lettings	2	1,290,334	-	-	1,290,334	1,172,061
Operating expenditure	2	(1,156,026)	-	-	(1,156,026)	(1,111,525)
HOUSING ACTIVITY SURPLUS	3	134,308	-	-	134,308	60,536
Profit/(loss) on sale of investments		69,363	-	-	69,363	202,154
Investment property income		25,228	-	10,576	35,804	40,230
Interest receivable and similar income	4	258,412	-	-	258,412	256,791
Interest payable		(16,654)	-	-	(16,654)	-
Donations received		60	-	491	551	3,922
Other expenditure		-	-	-	-	(191)
Donations payable		(11,750)	-	-	(11,750)	(29,000)
		324,659	-	11,067	335,726	473,906
Surplus before revaluation gain on investments and transfers		458,967	-	11,067	470,034	534,442
Net revaluation (loss)/gain on investments	12	(226,042)	-	-	(226,042)	225,602
Transfers between reserves	12	(428)	-	428	-	-
Surplus for the year before revaluation of fixed assets		232,497	-	11,495	243,992	760,044
		-	-	-	-	-
SURPLUS FOR THE YEAR		232,497	-	11,495	243,992	760,044
Reserves brought forward		11,228,282	3,394,941	136,916	14,760,139	14,000,095
Reserves carried forward		11,460,779	3,394,941	148,411	15,004,131	14,760,139

STATEMENT OF COMPREHENSIVE INCOME FOR THE COMPARATIVE PERIOD

	Unrestricted funds	Designated funds	Restricted funds	2017 Total
	£	£	£	£
INCOME FROM HOUSING				
Social Housing lettings	1,172,061	-	-	1,172,061
Operating expenditure	(1,111,525)	-	-	(1,111,525)
HOUSING ACTIVITY SURPLUS	60,536	-	-	60,536
Profit/(loss) on sale of investments	202,154	-	-	202,154
Investment property income	30,158	-	10,072	40,230
Interest receivable and similar income	256,791	-	-	256,791
Donations received	3,033	-	889	3,922
Other expenditure	-	-	(191)	(191)
Donations payable	(29,000)	-	-	(29,000)
	463,136	-	10,770	473,906
Surplus before revaluation gain on investments and transfers	523,672	-	10,770	534,442
Revaluation gains on investments	225,602	-	-	225,602
Transfers between funds	(428)	-	428	-
SURPLUS FOR THE YEAR	748,846	-	11,198	760,044
Reserves brought forward	10,479,436	3,394,941	125,718	14,000,095
Reserves carried forward	11,228,282	3,394,941	136,916	14,760,139

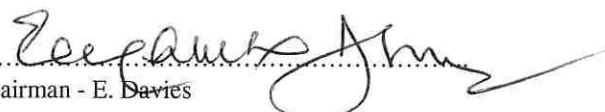
The Finchley Charities has no other recognised gains or losses other than the results for the period as set out above.

All the activities of The Finchley Charities are continuing.

The notes on pages 13 to 21 form part of these financial statements.

THE FINCHLEY CHARITIES**STATEMENT OF FINANCIAL POSITION****As at 31 December 2018**

		2018		2017	
	Note	£	£	£	£
FIXED ASSETS					
Housing Properties	7a		11,707,458		11,035,468
Fuel Land Allotments	7b		450,000		38,368
Office equipment	7a		17,636		12,568
			<u>12,175,094</u>		<u>11,086,404</u>
Investment Properties	7c		450,000		415,000
Investments - Shares	8a	5,807,433		6,233,245	
- Cash	8b	<u>390,633</u>		<u>291,549</u>	
			6,198,066		6,524,794
			<u>18,823,160</u>		<u>18,026,198</u>
CURRENT ASSETS					
Debtors	9	43,923		42,409	
Cash at bank and in hand		<u>244,954</u>		<u>478,839</u>	
		288,877		521,248	
CREDITORS: Amounts falling due within one year	10	<u>(652,672)</u>		<u>(616,722)</u>	
NET CURRENT(LIABILITIES)/ASSETS			(363,795)		(95,474)
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>18,459,365</u>		<u>17,930,724</u>
CREDITORS: Amounts falling due after more than one year	10		(3,455,234)		(3,170,585)
NET ASSETS			<u>15,004,131</u>		<u>14,760,139</u>
RESERVES	12/13				
Revenue - unrestricted			8,780,329		8,321,790
Property revaluation reserve			1,621,632		1,175,000
Investment revaluation reserve			<u>1,058,818</u>		<u>1,731,492</u>
			11,460,779		11,228,282
Designated			3,394,941		3,394,941
Restricted			<u>148,411</u>		<u>136,916</u>
			<u>15,004,131</u>		<u>14,760,139</u>

Approved and authorised for issue by the Trustees on 13th May 2019.


Chairman - E. Davies



Trustee - R. Chapman

The notes on pages 13 to 21 form part of these financial statements.

THE FINCHLEY CHARITIES**STATEMENT OF CASH FLOWS****As at 31 December 2018**

	2018	2017
	£	£
Net cash from operating activities	226,985	557,365
Cash flows from financing activities:		
Cash generated from financing activities		
Mortgage capital movement	(46,206)	(44,005)
Interest paid on mortgage	<u>(33,857)</u>	<u>(38,138)</u>
Net cash flow from financing activities	<u>(80,063)</u>	<u>(82,143)</u>
Cash flows from investing activities		
Purchase of tangible fixed assets (less capitalised interest)	(893,060)	(1,881,861)
GLA - housing grant received	400,000	-
Proceeds of asset sales (property)	-	-
Purchase of investments (shares)	(684,021)	(249,419)
Proceeds from disposal of investments (shares)	506,523	888,595
Investment property income	35,804	40,230
Investment income	253,833	253,154
Interest received	<u>114</u>	<u>167</u>
Net cash flow used in investing activities	<u>(380,807)</u>	<u>(949,134)</u>
Net (decrease)/increase in cash and cash equivalents in the reporting period	(233,885)	(473,912)
Cash and cash equivalents at beginning of the reporting period	<u>478,839</u>	<u>952,751</u>
Cash and cash equivalents at end of the reporting period	<u><u>244,954</u></u>	<u><u>478,839</u></u>

**RECONCILIATION OF NET INCOME/(EXPENDITURE)
TO NET CASH FLOW FROM OPERATING ACTIVITIES**

Net income before revaluation gains on investments	470,034	534,442
Adjustments for:		
Depreciation charges	233,204	202,974
Amortisation of Grant	(59,932)	(56,599)
Investment property income received	(35,804)	(40,230)
Interest payable	16,654	-
Investment income received	(253,833)	(253,154)
Interest received	(114)	(167)
Profit on sale of investment (shares)	(69,363)	(202,154)
Decrease/(increase) in cash investments	(99,084)	42,449
(Increase)/Decrease in debtors	(1,514)	1,544
Increase in creditors (less mortgage and deferred government grants)	26,737	328,260
Net cash provided from operating activities	<u><u>226,985</u></u>	<u><u>557,365</u></u>

THE FINCHLEY CHARITIES

NOTES TO THE FINANCIAL STATEMENTS **for the Year Ended 31 December 2018**

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 2014). 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 2015. 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 2018**

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 2018**

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 2018****2. PARTICULARS OF INCOME AND EXPENDITURE FROM HOUSING ACCOMMODATION**

	2018	2017
	Total	Total
	£	£
Income from housing		
Maintenance charges - Housing for older people	1,238,734	1,124,668
Less: Losses from voids	(8,332)	(9,206)
Amortised government grant	59,932	56,599
Total income from housing	1,290,334	1,172,061
Expenditure on housing activities		
Services	84,567	78,306
Management	128,884	127,600
Routine maintenance	59,706	62,533
Cyclical Maintenance Fund	218,550	129,762
Housing properties depreciation	227,211	198,148
Other costs	437,108	515,176
Total expenditure on housing	1,156,026	1,111,525
Operating surplus on housing activities	134,308	60,536
Number of units	No	No
At 1 January	156	156
Additions	16	-
At 31 December (all managed and owned)	172	156

3. HOUSING ACTIVITY SURPLUS

The operating surplus is stated after charging:

	2018	2017
	£	£
Depreciation	233,204	202,973
Grant amortisation	(59,932)	(56,599)
Auditors remuneration - as auditors	5,291	5,878

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2018	2017
	£	£
Investment income	253,833	253,154
Interest from cash deposits	114	167
Other income	4,465	3,470
	258,412	256,791

THE FINCHLEY CHARITIES

NOTES TO THE FINANCIAL STATEMENTS (continued) **for the Year Ended 31 December 2018**

5. STAFF

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

	2018	2017
	No.	No.
Administrative	6	6
Sheltered Housing Officers	6	6
Part Time gardener	1	1
	<u>13</u>	<u>13</u>
	2018	2017
	£	£
Wages & salaries	332,427	319,213
Social security costs	25,660	26,034
Pension costs	10,180	8,579
	<u>368,267</u>	<u>353,826</u>

The key management personnel (excluding the Trustees) is the Chief Executive whose remuneration for 2018 was £63,450 including £5,757 employer's pension contributions (2017: £61,892 including £5,225 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 (2017: none).

Staff cost includes redundancy payments of £6,802 to two employees.

6. TRANSACTIONS WITH TRUSTEES

None of the Trustees received any emoluments for their services, nor were they paid any expenses.

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 2018

7. FIXED ASSETS

a) Tangible fixed assets	Freehold Housing Properties £	Housing Property Under Construction £	Office Equipment £	Total 2018 £
COST / VALUATION				
At 1 January 2018	9,889,968	2,849,171	35,240	12,774,379
Additions	253,751	645,450	11,061	910,262
Disposals	-	-	-	-
Transfer	3,494,621	(3,494,621)	-	-
At 31 December 2018	13,638,340	-	46,301	13,684,641
DEPRECIATION				
At 1 January 2018	1,703,671	-	22,672	1,726,343
Charge for period	227,211	-	5,993	233,204
Disposals	-	-	-	-
At 31 December 2018	1,930,882	-	28,665	1,959,547
NET BOOK VALUE				
At 31 December 2018	11,707,458	-	17,636	11,725,094
At 31 December 2017	8,186,297	2,849,171	12,568	11,048,036

Housing property under construction includes interest capitalised of £89,943 (2017: £72,741).

Additions in the year include component additions of £253,751 (2017: £462,276).

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 £10,576 (2017: £10,072) 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 (2017: £38,368).

c) Investments - Property

Property	Valuation 2018 £	2017 £	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	365,000	Age UK Barnet	24,228	1,564
	450,000	415,000		29,228	1,564

*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 2018

8a. INVESTMENTS - SHARES

	£
Balance at 1 January 2018	6,233,245
Additions	684,022
Disposals	(437,160)
Net unrealised loss on revaluation	(672,674)
Balance at 31 December 2018	<u>5,807,433</u>

	Cost		Market value	
	2018	2017	2018	2017
	£	£	£	£
Funds managed by:				
Investec Wealth & Investment - Investments	2,799,286	2,588,670	3,314,307	3,438,403
- M&G	1,857,573	1,830,411	1,967,128	2,246,104
COIF	16,588	16,588	264,790	265,805
NAACIF	121,948	112,692	261,208	282,933
	<u>4,795,395</u>	<u>4,548,361</u>	<u>5,807,433</u>	<u>6,233,245</u>

8b. Investment - Cash

<u>390,633</u>	<u>291,549</u>
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9. DEBTORS: Due within one year

	2018	2017
	£	£
Rent arrears	17,888	21,193
Prepayments and Other debtors	26,035	21,216
	<u>43,923</u>	<u>42,409</u>

10. CREDITORS: Amounts falling due within one year

	2018	2017
	£	£
Creditors	45,989	89,858
PAYE/NI	6,861	7,314
Other creditors	488,825	417,766
Deferred government grant (Note 11)	64,599	56,599
Mortgage	46,398	45,185
	<u>652,672</u>	<u>616,722</u>

CREDITORS: Amounts falling due after one year

	2018	2017
	£	£
Deferred government grant (Note 11)	2,132,540	1,800,472
Mortgage 2-5 years	251,147	244,666
More than 5 years	1,071,547	1,125,447
	<u>3,455,234</u>	<u>3,170,585</u>

The mortgage is payable in monthly instalments over 25 years. The annual interest rate is 2.65% 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 2018

11. DEFERRED GOVERNMENT GRANT

	Total 2018	Total 2017
	£	£
At 1 January 2018	1,857,071	1,913,670
Addition	400,000	-
Amortisation of grant for the year	(59,932)	(56,599)
At 31 December 2018	<u>2,197,139</u>	<u>1,857,071</u>
Due within one year	<u>64,599</u>	<u>56,599</u>
Due after one year	<u>2,132,540</u>	<u>1,800,472</u>

The Finchley Charities received government grants totalling £4,234,238 over the years of which £2,037,099 has been released to the Statement of Comprehensive Income to date.

12. RESERVES

UNRESTRICTED FUNDS

	Investments Revaluation	Property Revaluation	Revenue Fund	Total 2018	Total 2017
	£	£	£	£	£
At 1 January 2018	1,731,492	1,175,000	8,321,790	11,228,282	10,479,436
Surplus for the year before grant amortisation and revaluations	-	-	399,035	399,035	467,073
Amortisation of grant - current year	-	-	59,932	59,932	56,599
Transfers between reserves	-	-	(428)	(428)	(428)
Revaluation	(672,674)	446,632	-	(226,042)	225,602
At 31 December 2018	<u>1,058,818</u>	<u>1,621,632</u>	<u>8,780,329</u>	<u>11,460,779</u>	<u>11,228,282</u>

DESIGNATED FUNDS

	Component Accounting Fund	Cyclical Maintenance Fund	Extraordinary Repair Fund	2018 Total	2017 Total
	£	£	£	£	£
At 1 January 2018	1,594,941	700,000	1,100,000	3,394,941	3,394,941
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>

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 2018

RESTRICTED	Residents' Donations	Reserve for recoupment of Capital expenditure	2018	Total	2017 Total
	£	£	£	£	£
At 1 January 2018	698	136,218		136,916	125,718
Revaluation	-	-		-	-
Income	491	10,576		11,067	10,961
Expenditure	-	-		-	(191)
Transfers between reserves	-	428		428	428
At 31 December 2018	1,189	147,222		148,411	136,916

13. ANALYSIS OF ASSETS AND LIABILITIES BETWEEN FUNDS

	Unrestricted funds	Designated funds	Restricted funds	Property revaluation reserve	Investment revaluation reserve	Total funds 2018	Total funds 2017
	£	£	£	£	£	£	£
Fixed assets:							
Housing properties	11,707,458	-	-	-	-	11,707,458	11,035,468
Office Equipment	17,636	-	-	-	-	17,636	12,568
Fuel Land Allotments	-	-	38,368	411,632	-	450,000	38,368
Investments	484,820	3,394,941	108,854	760,000	1,058,818	5,807,433	6,233,245
Investment properties	-	-	-	450,000	-	450,000	415,000
Investments-Cash	390,633	-	-	-	-	390,633	291,549
Current assets:							
Debtors	43,923	-	-	-	-	43,923	42,409
Cash at bank	243,765	-	1,189	-	-	244,954	478,839
Current liabilities:							
Creditors	(652,672)	-	-	-	-	(652,672)	(616,722)
Long Term Liabilities	(3,455,234)	-	-	-	-	(3,455,234)	(3,170,585)
	8,780,329	3,394,941	148,411	1,621,632	1,058,818	15,004,131	14,760,139

14. PAYMENTS TO CREDITORS

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