

**NORTH EASTERN Y.W.C.A. TRUSTEES LIMITED**

**(A company limited by guarantee)**

**GOVERNORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2019**

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**NORTH EASTERN Y.W.C.A. TRUSTEES LIMITED**  
(A company limited by guarantee)

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**NORTH EASTERN Y.W.C.A. TRUSTEES LIMITED**  
**(A company limited by guarantee)**

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS  
FOR THE YEAR ENDED 31 MARCH 2019**

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**Governors**

Mr D M Gibson  
Mr R Darsley  
Miss C Mortlock, Chair  
Mrs M Lee (resigned 18 June 2018)  
Miss V Gray  
Ms L Hitman  
Mrs L Adams  
Mr D Smith (appointed 26 April 2018)  
Mrs J Smith

**Company registered number**

00702712

**Charity registered number**

201653

**Registered office**

Jesmond House  
Clayton Road  
Jesmond  
Newcastle upon Tyne  
NE2 1UJ

**Company secretary**

Mr P Allen

**Independent auditor**

Ryecroft Glenton  
Chartered Accountants and Statutory Auditors  
32 Portland Terrace  
Newcastle upon Tyne  
NE2 1QP

**Bankers**

National Westminster Bank  
Northumberland Street  
Newcastle upon Tyne  
NE2 1QP

**Solicitors**

DWF LLP  
Great North House  
Sandyford Road  
Newcastle upon Tyne  
NE1 8ND

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**NORTH EASTERN Y.W.C.A. TRUSTEES LIMITED**  
**(A company limited by guarantee)**

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**GOVERNORS' REPORT**  
**FOR THE YEAR ENDED 31 MARCH 2019**

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The Governors present their annual report together with the audited financial statements of the charitable company for the year ended 31 March 2019. The Governors confirm that the Annual Report and financial statements of the company comply with the current statutory requirements, the requirements of the company's governing document and the provisions of the Statement of Recommended Practice (SORP), applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) as amended by Update Bulletin 1 (effective 1 January 2015).

Since the company qualifies as small under section 383, the strategic report required of medium and large companies under The Companies Act 2006 (Strategic Report and Director's Report) Regulations 2013 is not required.

**Objectives and Activities**

● **POLICIES AND OBJECTIVES**

The objectives of the company are the relief of need, hardship and distress by the provision of good, clean, safe and affordable accommodation and other facilities for young people of either sex and the advancement of the Christian religion. The company is involved as a registered social landlord in the management and administration of Clapham House, John Dobson Street, Newcastle upon Tyne, NE1 8YW and Jesmond House, Clayton Road, Newcastle upon Tyne, NE2 1UJ.

● **STRATEGIES AND ACTIVITIES FOR ACHIEVING OBJECTIVES**

The strategy of the charity is aimed at the provision of good, clean and affordable accommodation to people of either sex and of any age at Jesmond and Clapham Houses.

● **VALUE FOR MONEY CODE OF PRACTICE**

In accordance with the Value for Money Code of Practice we report as follows:

|                                       |  |
|---------------------------------------|--|
| Reinvestment                          | Nil (the charitable company has not made any investment to New Properties) |
| New Supply (Social Housing Units)     | Nil  |
| New Supply (Non-social Housing Units) | Nil  |
| Gearing                               | Nil (the charitable company has no borrowing requirement)                  |
| EBITDA MRI Interest Cover             | Nil  |
| Headline Social Housing Cost          | £4,486   |
| Operating Margin                      | 16.65%   |
| Return on Capital Employed            | 2.81%  |

The Governors are considering suitable targets for the charitable company to adopt. So far as benchmarks are concerned, it is early days for similar organisations to report their figures for meaningful comparisons to be made.

● **MAIN ACTIVITIES UNDERTAKEN TO FURTHER THE CHARITY'S PURPOSES FOR PUBLIC BENEFIT**

The Governors have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing their objectives and activities and in planning future activities. The Governors are satisfied that the principles of public benefit have been and will continue to be addressed in past and future activities of the company.

**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2019**

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**Achievements and performance**

● **REVIEW OF ACTIVITIES**

**Clapham House**

During 2018/2019 Clapham House has seen the detrimental effects of the new student accommodation being built within Newcastle and still being given planning approval from Newcastle City Council for yet more accommodation, against the backdrop of demographic changes such that fewer students are likely to attend the two universities in Newcastle.

We continue to attempt to future-protect the accommodation within Clapham House to keep them up to a very good standard for students, at a reasonable price.

All the external windows have now been replaced, and internal windows are next item of major refurbishment work in Clapham House.

**Jesmond House**

During 2018/2019 Jesmond House has benefitted from the support of Newcastle City Council, as the principal provider of social accommodation, such that the incidence of voids continues to be low. Newcastle City Council and the Housing Federation continue their Commitment to Refer policy, and we have signed an extended contract with the Council in the provision of emergency accommodation.

We are planning the replacement of all windows in Jesmond House, and the installation of a disabled lift.

● **INVESTMENT POLICY AND PERFORMANCE**

The Governors have considered the most appropriate policy for investing funds which are not required for immediate use, and have placed much of the funds in an investment portfolio managed by Cazenove Capital to improve on the investment returns earned on cash deposits.

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**NORTH EASTERN Y.W.C.A. TRUSTEES LIMITED**  
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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2019**

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**Financial review**

● **GOING CONCERN**

The Governors do not have any plans for the charity in the next twelve months from the date of the approval of the financial statements that would adversely affect its cash reserves. Accordingly they consider that these financial statements are properly prepared on the basis that it is a going concern. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies.

● **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

All activities are subjected to budgetary control and monitored regularly by the Governors. Anticipated variances are authorised in advance of expenditure being committed.

● **RESERVES POLICY**

The Governors consider the needs of its residents as requiring a long-term commitment from the company. The reserve policy is to hold funds to allow the company to continue for a period of 12 months even if its income decreases. At 31 March 2019, the charity had total funds of £6,846,142 of which £1,249,619 was unrestricted and £5,596,523 was restricted. During the year, the Governors designated £120,000 of reserves to be used for undertaking major repairs to the two properties. All of the restricted funds relate to the land and buildings of the charity. At the year end, the charity had a defined benefit pension deficit liability of £208,000. This has been accounted for as a defined benefit deficit for the first time, having previously been treated as a defined contribution scheme, accounting for the agreed funding deficit only. The free reserves were 110% of the required total of £1,125,000 at 31 March 2019. The Governors anticipate that reserves will continue to be built up by surpluses in future years. Both Clapham House and Jesmond House recorded a surplus before depreciation and pension deficit charges for the year.

**Structure, governance and management**

● **CONSTITUTION**

The company is registered as a charitable company limited by guarantee and was set up by a Memorandum of Association on 7 September 1961.

The principal object of the company is to provide the relief of need, hardship and distress by the provision of good, clean, safe and affordable accommodation and other facilities for young people of either sex and the advancement of the Christian religion.

There have been no changes in the objectives since the last annual report.

● **METHOD OF APPOINTMENT OR ELECTION OF GOVERNORS**

The management of the company is the responsibility of the Governors who are elected and co-opted under the terms of the Articles of Association.

The management of the charity is the responsibility of the Governors. Any current Governor is entitled to nominate a prospective Governor, appointments being made by a simple majority of current Governors at a Governors' meeting.

**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2019**

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● **POLICIES ADOPTED FOR THE INDUCTION AND TRAINING OF GOVERNORS**

New Governors are provided with an induction process which includes a history and purpose of the charity, together with a summary of financial controls and position of the charity. They are also encouraged to familiarise themselves with the duties of trustees and directors through access to information on the Charity Commission website.

● **THE BOARD OF GOVERNORS**

At 31 March 2019, the Board comprised eight members, led by the Chair, Miss C Mortlock; the Board controls the company's strategic direction and reviews its operating and financial position.

The Board of Governors recognises that good governance is integral to the delivery of quality services and considers that the company complies with the National Housing Federation Code of Governance in all material aspects.

● **ORGANISATIONAL STRUCTURE AND DECISION MAKING**

The Board has an established governance framework, which encourages all members to bring an independent judgement to bear on issues of strategy, performance, resources (including key appointments) and standards of conduct.

The Board is supplied with timely and relevant information to enable it to discharge its duties. Board papers are normally distributed at least a week in advance of the relevant meeting, and the papers are sufficiently detailed to enable the members to obtain a thorough grasp of the company's management and financial performance. The Board's terms of reference make provision for it to receive independent professional advice to enable it to carry out its duties.

The Board met seven times during 2018/19.

● **RISK MANAGEMENT**

The Governors have reviewed the major risks to which the charity is exposed and continue to monitor the arrangements and systems in place to mitigate those risks.

The termination of contractual relationships with the universities in Newcastle has meant that the charity now has to manage lettings directly with occupants. The market place is very competitive as additional space has become available, which has had an impact on pricing. The Governors manage this by ensuring that their offering is attractive and cost effective to maximise takeup.

The charity is exposed to regulatory risks non-compliance of which may affect its ability to operate. These are mitigated by constant monitoring by the Governors through their regular meetings and reports by the Senior Management Team.

● **INTERNAL CONTROLS**

The Governors have established internal controls designed to safeguard assets, manage the risk of fraud or misstatement and generally to assist with governance. They review these controls on an annual basis to satisfy that they are complete and effective.

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**NORTH EASTERN Y.W.C.A. TRUSTEES LIMITED**  
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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2019**

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**Plans for future periods**

• **FUTURE DEVELOPMENTS**

Future strategy will be aimed at the improvement of existing accommodation to:

- a. Ensure that the company continues to provide good, clean and affordable accommodation for young people of either sex and of any age at Jesmond and Clapham Houses.
- b. Develop Jesmond and Clapham Houses in order to provide the best accommodation available, in an efficient and cost-effective manner.
- c. Ensure that income is maximised to minimise void levels.
- d. Ensure that the Governors and Senior Management work together as an integrated team to maintain and develop the existing accommodation services.

**GOVERNORS' RESPONSIBILITIES STATEMENT**

The Governors (who are also directors of North Eastern Y.W.C.A. Trustees Limited for the purposes of company law) are responsible for preparing the Governors' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Governors to prepare financial statements for each financial year. Under company law the Governors 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 charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Governors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The Governors are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



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**NORTH EASTERN Y.W.C.A. TRUSTEES LIMITED**  
**(A company limited by guarantee)**

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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2019**

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**DISCLOSURE OF INFORMATION TO AUDITOR**

Each of the persons who are Governors at the time when this Governors' report is approved has confirmed that:

- so far as that Governor is aware, there is no relevant audit information of which the charitable company's auditor is unaware, and
- that Governor has taken all the steps that ought to have been taken as a Governor in order to be aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

This report was approved by the Governors, on 6 September 2019 and signed on their behalf by:

**Miss C Mortlock**  
**Chair**

**Mr R Darsley**  
**Governor**

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**NORTH EASTERN Y.W.C.A. TRUSTEES LIMITED**  
(A company limited by guarantee)

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NORTH EASTERN Y.W.C.A. TRUSTEES LIMITED**

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**OPINION**

We have audited the financial statements of North Eastern Y.W.C.A. Trustees Limited (the 'charitable company') for the year ended 31 March 2019 set out on pages 11 to 33. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2019 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

**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 are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 Governors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Governors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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**NORTH EASTERN Y.W.C.A. TRUSTEES LIMITED**  
(A company limited by guarantee)

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NORTH EASTERN Y.W.C.A. TRUSTEES LIMITED**

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**OTHER INFORMATION**

The Governors 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. 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 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.

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

We have nothing to report in respect of the following matters where the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- the information given in the Governors' report 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 governors' responsibilities statement, the Governors (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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**NORTH EASTERN Y.W.C.A. TRUSTEES LIMITED**  
(A company limited by guarantee)

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NORTH EASTERN Y.W.C.A. TRUSTEES LIMITED**

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**AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act 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.

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](http://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 charitable company's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charitable company'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 charitable company and its trustees, as a body, for our audit work, for this report, or for the opinions we have formed.

**Ryecroft Glenton**

Chartered Accountants and Statutory Auditors

32 Portland Terrace  
Newcastle upon Tyne  
NE2 1QP  
6 September 2019

Ryecroft Glenton is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

**NORTH EASTERN Y.W.C.A. TRUSTEES LIMITED**  
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2019**

|  | Note | Unrestricted<br>funds<br>2019<br>£ | Restricted<br>funds<br>2019<br>£ | Total<br>funds<br>2019<br>£ | Total<br>funds<br>2018<br>£ |
|--|------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| <b>INCOME FROM:</b>  |      |                                    |                                  |                             |                             |
| Charitable activities  | 2    | 1,173,519                          | -                                | 1,173,519                   | 1,214,817                   |
| Investments  | 3    | 7,488                              | -                                | 7,488                       | 1,334                       |
| Other income   |      | 10,887                             | -                                | 10,887                      | 10,088                      |
| <b>TOTAL INCOME</b>  |      | <b>1,191,894</b>                   | <b>-</b>                         | <b>1,191,894</b>            | <b>1,226,239</b>            |
| <b>EXPENDITURE ON:</b>   |      |                                    |                                  |                             |                             |
| Raising funds  | 4    | 6,494                              | -                                | 6,494                       | 2,046                       |
| Charitable activities  | 5    | 1,123,176                          | -                                | 1,123,176                   | 890,633                     |
| <b>TOTAL EXPENDITURE</b>   |      | <b>1,129,670</b>                   | <b>-</b>                         | <b>1,129,670</b>            | <b>892,679</b>              |
| <b>NET INCOME BEFORE INVESTMENT<br/>GAINS/(LOSSES)</b>                             |      |                                    |                                  |                             |                             |
| Net gains/(losses) on investments  | 11   | 62,224<br>18,957                   | -<br>-                           | 62,224<br>18,957            | 333,560<br>(12,785)         |
| <b>NET INCOME BEFORE TRANSFERS</b>   |      | <b>81,181</b>                      | <b>-</b>                         | <b>81,181</b>               | <b>320,775</b>              |
| Transfers between Funds  | 15   | 51,977                             | (51,977)                         | -                           | -                           |
| <b>NET INCOME / (EXPENDITURE) BEFORE<br/>OTHER RECOGNISED GAINS AND<br/>LOSSES</b> |      | <b>133,158</b>                     | <b>(51,977)</b>                  | <b>81,181</b>               | <b>320,775</b>              |
| Other losses on defined benefit pension<br>schemes                                 | 20   | (106,000)                          | -                                | (106,000)                   | -                           |
| <b>NET MOVEMENT IN FUNDS</b>   |      | <b>27,158</b>                      | <b>(51,977)</b>                  | <b>(24,819)</b>             | <b>320,775</b>              |
| <b>RECONCILIATION OF FUNDS:</b>  |      |                                    |                                  |                             |                             |
| Total funds brought forward  |      | 1,222,461                          | 5,648,500                        | 6,870,961                   | 6,550,186                   |
| <b>TOTAL FUNDS CARRIED FORWARD</b>   |      | <b>1,249,619</b>                   | <b>5,596,523</b>                 | <b>6,846,142</b>            | <b>6,870,961</b>            |

The notes on pages 15 to 33 form part of these financial statements.

**NORTH EASTERN Y.W.C.A. TRUSTEES LIMITED**  
**(A company limited by guarantee)**  
**REGISTERED NUMBER: 00702712**

**BALANCE SHEET**  
**AS AT 31 MARCH 2019**

|  | Note | £                | 2019<br>£        | £         | 2018<br>£ |
|--|------|------------------|------------------|-----------|-----------|
| <b>FIXED ASSETS</b>                                    |      |                  |                  |           |           |
| Tangible assets  | 10   |                  | <b>5,703,246</b> |           | 5,811,779 |
| Investments  | 11   |                  | <b>607,122</b>   |           | 487,306   |
|  |      |                  | <b>6,310,368</b> |           | 6,299,085 |
| <b>CURRENT ASSETS</b>                                  |      |                  |                  |           |           |
| Debtors  | 12   | <b>63,723</b>    |                  | 47,634    |           |
| Cash at bank and in hand                               |      | <b>842,764</b>   |                  | 774,160   |           |
|  |      | <b>906,487</b>   |                  | 821,794   |           |
| <b>CREDITORS:</b> amounts falling due within one year  | 13   | <b>(162,713)</b> |                  | (249,918) |           |
| <b>NET CURRENT ASSETS</b>                              |      |                  | <b>743,774</b>   |           | 571,876   |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>           |      |                  | <b>7,054,142</b> |           | 6,870,961 |
| Defined benefit pension scheme liability               | 20   |                  | <b>(208,000)</b> |           | -         |
| <b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b> |      |                  | <b>6,846,142</b> |           | 6,870,961 |
| <b>CHARITY FUNDS</b>                                   |      |                  |                  |           |           |
| Restricted funds                                       | 15   |                  | <b>5,596,523</b> |           | 5,648,500 |
| Unrestricted funds:                                    |      |                  |                  |           |           |
| Unrestricted funds excluding pension liability         |      | <b>1,355,619</b> |                  | 1,222,461 |           |
| Pension reserve  |      | <b>(106,000)</b> |                  | -         |           |
| Total unrestricted funds                               |      |                  | <b>1,249,619</b> |           | 1,222,461 |
| <b>TOTAL FUNDS</b>                                     |      |                  | <b>6,846,142</b> |           | 6,870,961 |

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**NORTH EASTERN Y.W.C.A. TRUSTEES LIMITED**  
**(A company limited by guarantee)**

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**BALANCE SHEET (continued)**  
**AS AT 31 MARCH 2019**

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

The Governors consider that the company is entitled to exemption from the requirement to have an audit under the provisions of section 477 of the Companies Act 2006 ("the Act") and members have not required the company to obtain an audit for the year in question in accordance with section 476 of the Act. However, an audit is required in accordance with section 144 of the Charities Act 2011.

The Governors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

The financial statements were approved and authorised for issue by the Governors on 6 September 2019 and signed on their behalf, by:

**Miss C Mortlock**  
**Chair**

**Mr R Darsley**  
**Governor**

The notes on pages 15 to 33 form part of these financial statements.

**NORTH EASTERN Y.W.C.A. TRUSTEES LIMITED**  
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**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2019**

|  | <b>Note</b> | <b>2019<br/>£</b> | <b>2018<br/>£</b> |
|--|-------------|-------------------|-------------------|
| <b>Cash flows from operating activities</b>            |             |                   |                   |
| Net cash provided by operating activities              | 17          | <b>189,326</b>    | <b>330,402</b>    |
| <b>Cash flows from investing activities:</b>           |             |                   |                   |
| Dividends, interest and rents from investments         |             | <b>7,488</b>      | <b>1,334</b>      |
| Purchase of tangible fixed assets                      |             | <b>(27,351)</b>   | <b>(53,525)</b>   |
| Purchase of investments                                |             | <b>(100,859)</b>  | <b>(500,000)</b>  |
| <b>Net cash used in investing activities</b>           |             | <b>(120,722)</b>  | <b>(552,191)</b>  |
| <b>Change in cash and cash equivalents in the year</b> |             | <b>68,604</b>     | <b>(221,789)</b>  |
| Cash and cash equivalents brought forward              |             | <b>774,160</b>    | <b>995,949</b>    |
| <b>Cash and cash equivalents carried forward</b>       | 18          | <b>842,764</b>    | <b>774,160</b>    |

The notes on pages 15 to 33 form part of these financial statements.



**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2019**

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**1. ACCOUNTING POLICIES**

**1.1 Basis of preparation of financial statements**

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

North Eastern Y.W.C.A. Trustees Limited meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

**1.2 Company status**

The company is a company limited by guarantee. The members of the company are the Governors named on page 1. In the event of the company being wound up, the liability in respect of the guarantee is limited to £1 per member of the company. The company is registered in England & Wales and its companies registration number is 00702712. The charity is registered with the Charity Commission and its registered number is 201653.

It is also registered under the Housing and Regeneration Act 2008 and its registered number is H2168.

Its registered office address is Jesmond House, Clayton Road, Newcastle upon Tyne, NE2 1UJ.

**1.3 Going concern**

The Governors have prepared these financial statements on the basis that the company is a going concern. In doing so they rely on forecasts of income and expenditure prepared for each financial year. Nevertheless, they are satisfied that the company is in a position to meet its commitments as they fall due for at least the year following approval of these financial statements.

**1.4 Income**

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

**1.5 Expenditure**

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity.

Costs of generating funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

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**1. ACCOUNTING POLICIES (continued)**

**1.6 Tangible fixed assets and depreciation**

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the statement of financial activities incorporating income and expenditure account.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

|                     |   |                   |
|---------------------|---|-------------------|
| Freehold property   | - | 4% straight line  |
| Plant and machinery | - | 20% straight line |
| Office equipment    | - | 20% straight line |
| Housing furniture   | - | 20% straight line |

**1.7 Investments**

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the balance sheet date, unless fair value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading 'Gains/(losses) on investments' in the statement of financial activities incorporating income and expenditure account.

**1.8 Interest receivable**

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the company; this is normally upon notification of the interest paid or payable by the bank.

**1.9 Operating leases**

Rentals under operating leases are charged to the statement of financial activities incorporating income and expenditure account on a straight line basis over the lease term.

**1.10 Debtors**

Arrears of rent and service charges and other debtors are recognised at the settlement amount after any trade discount offered.

**1.11 Cash at Bank and in hand**

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

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**1. ACCOUNTING POLICIES (continued)**

**1.12 Liabilities and provisions**

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation.

**1.13 Financial instruments**

The company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

**1.14 Taxation**

The company is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the company is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

**1.15 Pensions**

The company operates a defined benefits pension scheme. The last full actuarial valuation was dated 30 September 2017.

As the company operates a multi-employer defined benefit scheme, in accordance with the revision to Section 28 of FRS 102, sufficient information has been made available to allow the company to account for the scheme as a defined benefit scheme for the first time at 31 March 2019. In the previous financial year there was insufficient information available so it was treated as if it was a defined contribution scheme, and only obligations to the deficit recovery plan had been accounted for.

**1.16 Fund accounting**

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

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

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**1. ACCOUNTING POLICIES (continued)**

**1.17 Critical accounting estimates and areas of judgement**

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

**Critical accounting estimates and assumptions:**

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

Critical areas of judgement:

**Freehold properties valued at deemed cost**

The directors have relied upon the transitional exemption available in Section 35.10 (d) FRS 102 in respect of the use of fair value as deemed cost at the date of transition to FRS 102 from previous generally accepted accounting practice. The fair value has been based on a valuation estimate of the two freehold properties concerned, undertaken by an independent and suitably qualified valuer.

**Depreciation**

Tangible fixed assets are depreciated over their useful lives taking into account residual values where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing the asset lives, factors such as maintenance programmes are taken into account. Residual values consider matters such as future market conditions, the remaining estimated life of the asset and the discount required to apply to cash flows on estimated disposal values to calculate their net present values.

**Defined Benefit Pension Scheme**

The company has obligations to pay pension benefits to certain employees. The cost of those benefits and the present value of the obligations depend on a number of factors, including life expectancy, salary increases, asset valuations, and the discount rate used on certain investments. Estimates are required in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends.

**1.18 Works to properties and housing furniture replacement**

Costs of works to properties and replacing housing furniture are charged to the income and expenditure account in the year of expenditure unless the expenditure results in an enhancement of the economic benefit in excess of that of the assets improved or replaced.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**2. INCOME FROM CHARITABLE ACTIVITIES**

|                                   | <b>Unrestricted<br/>funds<br/>2019<br/>£</b> | <b>Total<br/>funds<br/>2019<br/>£</b> | <i>Total<br/>funds<br/>2018<br/>£</i> |
|-----------------------------------|--|---------------------------------------|---------------------------------------|
| Rental income and service charges | <b>1,173,519</b>                             | <b>1,173,519</b>                      | 1,214,817                             |
| <i>Total 2018</i>                 | <b>1,214,817</b>                             | <b>1,214,817</b>                      |                                       |

**INCOME FROM CHARITABLE ACTIVITIES (continued)**

|                                     | <b>2019<br/>£</b> | <i>2018<br/>£</i> |
|-------------------------------------|-------------------|-------------------|
| <b>Income as reported includes:</b> |                   |                   |
| Rent receivable                     | <b>1,392,488</b>  | 1,345,129         |
| and is shown after deduction of:    |                   |                   |
| Rent losses arising from voids      | <b>(218,969)</b>  | (130,312)         |
| <b>Total</b>                        | <b>1,173,519</b>  | 1,214,817         |

**The units of accommodation are:**

|               | <b>2019<br/>Number</b> | <i>2018<br/>Number</i> |
|---------------|------------------------|------------------------|
| Studios       | <b>18</b>              | 18                     |
| Cluster flats | <b>124</b>             | 124                    |
| Single rooms  | <b>84</b>              | 84                     |
| <b>Total</b>  | <b>226</b>             | 226                    |

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**3. INVESTMENT INCOME**

|  | <b>Unrestricted<br/>funds<br/>2019<br/>£</b> | <b>Total<br/>funds<br/>2019<br/>£</b> | <b>Total<br/>funds<br/>2018<br/>£</b> |
|--|--|---------------------------------------|---------------------------------------|
| Investment income - local listed investments | <b>7,049</b>                                 | <b>7,049</b>                          | 730                                   |
| Investment income                            | <b>439</b>                                   | <b>439</b>                            | 604                                   |
|  | <b>7,488</b>                                 | <b>7,488</b>                          | 1,334                                 |
| <i>Total 2018</i>                            | <b>1,334</b>                                 | <b>1,334</b>                          |                                       |

**4. INVESTMENT MANAGEMENT COSTS**

|                            | <b>Unrestricted<br/>funds<br/>2019<br/>£</b> | <b>Total<br/>funds<br/>2019<br/>£</b> | <b>Total<br/>funds<br/>2018<br/>£</b> |
|----------------------------|--|---------------------------------------|---------------------------------------|
| Investment management fees | <b>6,494</b>                                 | <b>6,494</b>                          | 2,046                                 |
| <i>Total 2018</i>          | <b>2,046</b>                                 | <b>2,046</b>                          |                                       |

**5. ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES**

|                   | <b>Unrestricted<br/>funds<br/>2019<br/>£</b> | <b>Restricted<br/>funds<br/>2019<br/>£</b> | <b>Total<br/>funds<br/>2019<br/>£</b> | <b>Total<br/>funds<br/>2018<br/>£</b> |
|-------------------|--|--|---------------------------------------|---------------------------------------|
| Direct costs      | <b>791,060</b>                               | -  | <b>791,060</b>                        | 625,677                               |
| Support costs     | <b>332,116</b>                               | -  | <b>332,116</b>                        | 264,956                               |
|                   | <b>1,123,176</b>                             | -  | <b>1,123,176</b>                      | 890,633                               |
| <i>Total 2018</i> | <b>890,633</b>                               | -  | <b>890,633</b>                        |                                       |

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2019**

**6. DIRECT COSTS**

|   | Activities<br>Unrestricted | Total<br>2019  | Total<br>2018  |
|---|----------------------------|----------------|----------------|
|   | £                          | £              | £              |
| Catering                                | 49,379                     | 49,379         | 56,214         |
| Water rates                             | 18,653                     | 18,653         | 34,630         |
| Utilities                               | 85,376                     | 85,376         | 112,376        |
| Repairs and maintenance                 | 142,131                    | 142,131        | 35,200         |
| Insurance                               | 29,058                     | 29,058         | 27,922         |
| Cleaning and security                   | 25,069                     | 25,069         | 22,452         |
| Refurbishment and furniture replacement | 34,906                     | 34,906         | 34,329         |
| Other estate costs                      | 36,969                     | 36,969         | 15,872         |
| Bad debts                               | 2,562                      | 2,562          | 12,963         |
| Wages and salaries                      | 237,619                    | 237,619        | 256,737        |
| National insurance                      | 12,208                     | 12,208         | 14,319         |
| Pension cost                            | 2,130                      | 2,130          | 2,663          |
| Depreciation                            | 115,000                    | 115,000        | -              |
|   | <b>791,060</b>             | <b>791,060</b> | <b>625,677</b> |
| <i>Total 2018 - unrestricted</i>        | <i>625,677</i>             | <i>625,677</i> |                |

**7. SUPPORT COSTS**

|                                    | Activities<br>Unrestricted | Total<br>2019  | Total<br>2018  |
|------------------------------------|----------------------------|----------------|----------------|
|                                    | £                          | £              | £              |
| Equipment leasing                  | 1,364                      | 1,364          | 3,397          |
| Telephone and postage              | 12,026                     | 12,026         | 14,135         |
| Publicity, printing and stationery | 16,032                     | 16,032         | 14,940         |
| Travel expenses                    | 962                        | 962            | 876            |
| Office expenses                    | 4,615                      | 4,615          | 4,360          |
| Auditors' remuneration             | 8,000                      | 8,000          | 8,000          |
| Legal and professional fees        | 8,432                      | 8,432          | 7,598          |
| Wages and salaries                 | 215,628                    | 215,628        | 174,410        |
| National insurance                 | 17,453                     | 17,453         | 14,603         |
| Pension cost                       | 26,720                     | 26,720         | 8,586          |
| Depreciation                       | 20,884                     | 20,884         | 14,051         |
|                                    | <b>332,116</b>             | <b>332,116</b> | <b>264,956</b> |
| <i>Total 2018 - unrestricted</i>   | <i>264,956</i>             | <i>264,956</i> |                |

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**7. SUPPORT COSTS (continued)**

During the year ended 31 March 2019, the company incurred the following Governance costs:

|                                   | <b>2019</b>  | <b>2018</b>  |
|-----------------------------------|--------------|--------------|
|                                   | <b>£</b>     | <b>£</b>     |
| Governance auditor's remuneration | <b>8,000</b> | <b>8,000</b> |

**8. NET INCOME/(EXPENDITURE)**

This is stated after charging:

|   | <b>2019</b>    | <b>2018</b>   |
|---|----------------|---------------|
|   | <b>£</b>       | <b>£</b>      |
| Depreciation of tangible fixed assets:  |                |               |
| - owned by the charity                  | <b>135,884</b> | <b>14,051</b> |
| Auditor's remuneration - audit          | <b>8,000</b>   | <b>8,000</b>  |
| Auditor's remuneration - other services | <b>6,017</b>   | <b>4,725</b>  |

During the year, no Governors received any remuneration (2018 - £NIL).

During the year, no Governors received any benefits in kind (2018 - £NIL).

2 Governors received reimbursement of expenses amounting to £89 in the current year, (2018 - 2 Governors - £49).



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**NOTES TO THE FINANCIAL STATEMENTS**  
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**9. STAFF COSTS**

Staff costs were as follows:

|                               | 2019<br>£      | 2018<br>£      |
|-------------------------------|----------------|----------------|
| Wages and salaries            | 453,247        | 431,147        |
| Social security costs         | 29,661         | 28,922         |
| Other pension costs (Note 20) | 28,850         | 11,249         |
|                               | <u>511,758</u> | <u>471,318</u> |

The average number of persons employed by the company during the year was as follows:

|                          | 2019<br>No. | 2018<br>No. |
|--------------------------|-------------|-------------|
| Management               | 8           | 8           |
| Maintenance and domestic | 19          | 17          |
|                          | <u>27</u>   | <u>25</u>   |

No employee received remuneration amounting to more than £60,000 in either year.

The total employee benefits of the key management personnel of the Charity was £71,867 (2018: £66,156).

**10. TANGIBLE FIXED ASSETS**

|                          | Freehold<br>property<br>£ | Plant and<br>machinery<br>£ | Office<br>equipment<br>£ | Total<br>£       |
|--------------------------|---------------------------|-----------------------------|--------------------------|------------------|
| <b>Cost or valuation</b> |                           |                             |                          |                  |
| At 1 April 2018          | 5,750,000                 | 4,320                       | 154,518                  | 5,908,838        |
| Additions                | -                         | -                           | 27,351                   | 27,351           |
| At 31 March 2019         | <u>5,750,000</u>          | <u>4,320</u>                | <u>181,869</u>           | <u>5,936,189</u> |
| <b>Depreciation</b>      |                           |                             |                          |                  |
| At 1 April 2018          | -                         | 2,232                       | 94,827                   | 97,059           |
| Charge for the year      | 115,000                   | 864                         | 20,020                   | 135,884          |
| At 31 March 2019         | <u>115,000</u>            | <u>3,096</u>                | <u>114,847</u>           | <u>232,943</u>   |
| <b>Net book value</b>    |                           |                             |                          |                  |
| At 31 March 2019         | <u>5,635,000</u>          | <u>1,224</u>                | <u>67,022</u>            | <u>5,703,246</u> |
| At 31 March 2018         | <u>5,750,000</u>          | <u>2,088</u>                | <u>59,691</u>            | <u>5,811,779</u> |

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**10. TANGIBLE FIXED ASSETS (continued)**

During 2014/15, the properties were valued as follows: Clapham House site was valued at £3,750,000 and the Jesmond House site at £2,000,000. The valuations were performed by Johnson Tucker, Chartered Surveyors.

Had the properties been accounted for at cost and depreciated, the net book value at 31 March 2019 would have been £2,592,874.

**11. FIXED ASSET INVESTMENTS**

|                        | Listed<br>securities<br>£ | Other<br>investments<br>£ | Total<br>£     |
|------------------------|---------------------------|---------------------------|----------------|
| <b>Market value</b>    |                           |                           |                |
| At 1 April 2018        | 402,309                   | 84,997                    | 487,306        |
| Additions              | 352,388                   | 282,951                   | 635,339        |
| Disposals              | (175,278)                 | (359,202)                 | (534,480)      |
| Revaluations           | 18,957                    | -                         | 18,957         |
|                        | <u>598,376</u>            | <u>8,746</u>              | <u>607,122</u> |
| At 31 March 2019       | <u>598,376</u>            | <u>8,746</u>              | <u>607,122</u> |
| <b>Historical cost</b> | <u>590,874</u>            | <u>8,746</u>              | <u>599,620</u> |

**Investments at market value comprise:**

|                               | 2019<br>£      | 2018<br>£      |
|-------------------------------|----------------|----------------|
| Listed investments            | 598,376        | 402,309        |
| Other fixed asset investments | 8,746          | 84,997         |
| Total market value            | <u>607,122</u> | <u>487,306</u> |

All the fixed asset investments are held in the UK

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**11. FIXED ASSET INVESTMENTS (continued)**

**Material investments**

Material investments are those of a value greater than 5% of the total investment portfolio.

|                                     | <b>31 March<br/>2019<br/>£</b> | <b>31 March<br/>2018<br/>£</b> |
|-------------------------------------|--------------------------------|--------------------------------|
| Schroder MM International Fund      | -                              | 58,128                         |
| Veritas Global Focus Fund           | -                              | 28,742                         |
| Old Mutual UK Alpha Fund            | -                              | 24,316                         |
| Madjedie UK Equity Fund             | -                              | 23,772                         |
| Lyxor US TIPS UCITS                 | -                              | 21,453                         |
| 0.125% UK Treasury Stock 22.03.2026 | <b>30,207</b>                  | 21,251                         |
| 0.125% UK Treasury Stock 22.03.2024 | -                              | 21,225                         |
| Vontobel SICAV 24 Absolute Return   | -                              | 21,072                         |
|                                     | <b>30,207</b>                  | <b>219,959</b>                 |

**12. DEBTORS**

|                                     | <b>2019<br/>£</b> | <b>2018<br/>£</b> |
|-------------------------------------|-------------------|-------------------|
| Arrears of rent and service charges | <b>55,128</b>     | 36,899            |
| Other debtors                       | <b>1,899</b>      | 1,899             |
| Prepayments and accrued income      | <b>6,696</b>      | 8,836             |
|                                     | <b>63,723</b>     | <b>47,634</b>     |

**13. CREDITORS: Amounts falling due within one year**

|                                    | <b>2019<br/>£</b> | <b>2018<br/>£</b> |
|------------------------------------|-------------------|-------------------|
| Trade creditors                    | <b>40,698</b>     | 12,953            |
| Other taxation and social security | <b>26,275</b>     | 20,932            |
| Other creditors                    | <b>74,185</b>     | 194,870           |
| Accruals                           | <b>21,555</b>     | 21,163            |
|                                    | <b>162,713</b>    | <b>249,918</b>    |

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

**14. FINANCIAL INSTRUMENTS**

|  | 2019<br>£      | 2018<br>£      |
|--|----------------|----------------|
| Financial assets measured at fair value through income and expenditure | 598,376        | 402,309        |
| Financial assets measured at amortised cost                            | 57,027         | 38,798         |
|  | <u>655,403</u> | <u>441,107</u> |
| Financial liabilities measured at amortised cost                       | <u>238,438</u> | <u>228,986</u> |

Financial assets measured at fair value through income and expenditure comprise listed investments.

Financial assets measured at amortised cost comprise rent and service charge arrears and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors and accruals.

**15. STATEMENT OF FUNDS**

**STATEMENT OF FUNDS - CURRENT YEAR**

|                           | Balance at<br>1 April 2018<br>£ | Income<br>£      | Expenditure<br>£   | Transfers<br>in/out<br>£ | Gains/<br>(Losses)<br>£ | Balance at<br>31 March<br>2019<br>£ |
|---------------------------|---------------------------------|------------------|--------------------|--------------------------|-------------------------|-------------------------------------|
| <b>Unrestricted funds</b> |                                 |                  |                    |                          |                         |                                     |
| General Funds             | 1,102,461                       | 1,191,894        | (1,032,707)        | (68,023)                 | 18,957                  | 1,212,582                           |
| Extraordinary repairs     | 120,000                         | -                | (96,963)           | 120,000                  | -                       | 143,037                             |
| Pension reserve           | -                               | -                | -                  | -                        | (106,000)               | (106,000)                           |
|                           | <u>1,222,461</u>                | <u>1,191,894</u> | <u>(1,129,670)</u> | <u>51,977</u>            | <u>(87,043)</u>         | <u>1,249,619</u>                    |
| <b>Restricted funds</b>   |                                 |                  |                    |                          |                         |                                     |
| Revaluation reserve       | 2,598,873                       | -                | -                  | (51,977)                 | -                       | 2,546,896                           |
| Housing association grant | 3,049,627                       | -                | -                  | -                        | -                       | 3,049,627                           |
|                           | <u>5,648,500</u>                | <u>-</u>         | <u>-</u>           | <u>(51,977)</u>          | <u>-</u>                | <u>5,596,523</u>                    |
| Total of funds            | <u>6,870,961</u>                | <u>1,191,894</u> | <u>(1,129,670)</u> | <u>-</u>                 | <u>(87,043)</u>         | <u>6,846,142</u>                    |

**Unrestricted funds:**

**Extraordinary repair fund:**

These are funds set aside for expenditure on the properties. The Governors have agreed that the reserve may be used for either or both of the properties, in relation to future major repairs.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2019**

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**15. STATEMENT OF FUNDS (continued)**

**General funds:**

These are the 'free reserves' after allowing for the extraordinary repair fund and pension reserve.

**Restricted funds:**

(a) Revaluation reserve - representing the surplus on revaluation of the two properties owned by the Charity, as reduced by the revaluation element of the accumulated depreciation charge on the properties.

(b) Housing association grant - this represents monies received in relation to the build and development of Clapham House. Under the revised Housing SORP, such grants under the performance model are recognised as income.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**15. STATEMENT OF FUNDS (continued)**

**STATEMENT OF FUNDS - PRIOR YEAR**

|                           | <i>Balance at<br/>1 April 2017<br/>£</i> | <i>Income<br/>£</i> | <i>Expenditure<br/>£</i> | <i>Transfers<br/>in/out<br/>£</i> | <i>Gains/<br/>(Losses)<br/>£</i> | <i>Balance at<br/>31 March<br/>2018<br/>£</i> |
|---------------------------|--|---------------------|--------------------------|-----------------------------------|----------------------------------|---|
| Extraordinary repairs     | -  | -                   | -                        | 120,000                           | -                                | 120,000                                       |
| General Funds             | 901,686                                  | 1,226,239           | (892,679)                | (120,000)                         | (12,785)                         | 1,102,461                                     |
| <b>Restricted funds</b>   |  |                     |                          |                                   |                                  |   |
| Revaluation reserve       | 2,598,873                                | -                   | -                        | -                                 | -                                | 2,598,873                                     |
| Housing association grant | 3,049,627                                | -                   | -                        | -                                 | -                                | 3,049,627                                     |

**SUMMARY OF FUNDS - CURRENT YEAR**

|                  | <i>Balance at<br/>1 April 2018<br/>£</i> | <i>Income<br/>£</i> | <i>Expenditure<br/>£</i> | <i>Transfers<br/>in/out<br/>£</i> | <i>Gains/<br/>(Losses)<br/>£</i> | <i>Balance at<br/>31 March<br/>2019<br/>£</i> |
|------------------|--|---------------------|--------------------------|-----------------------------------|----------------------------------|---|
| General funds    | 1,222,461                                | 1,191,894           | (1,129,670)              | 51,977                            | (87,043)                         | 1,249,619                                     |
|                  | 1,222,461                                | 1,191,894           | (1,129,670)              | 51,977                            | (87,043)                         | 1,249,619                                     |
| Restricted funds | 5,648,500                                | -                   | -                        | (51,977)                          | -                                | 5,596,523                                     |
|                  | 6,870,961                                | 1,191,894           | (1,129,670)              | -                                 | (87,043)                         | 6,846,142                                     |

**SUMMARY OF FUNDS - PRIOR YEAR**

|                       | <i>Balance at<br/>1 April 2017<br/>£</i> | <i>Income<br/>£</i> | <i>Expenditure<br/>£</i> | <i>Transfers<br/>in/out<br/>£</i> | <i>Gains/<br/>(Losses)<br/>£</i> | <i>Balance at<br/>31 March<br/>2018<br/>£</i> |
|-----------------------|--|---------------------|--------------------------|-----------------------------------|----------------------------------|---|
| Extraordinary repairs | -  | -                   | -                        | 120,000                           | -                                | 120,000                                       |
| General funds         | 901,686                                  | 1,226,239           | (892,679)                | (120,000)                         | (12,785)                         | 1,102,461                                     |
|                       | 901,686                                  | 1,226,239           | (892,679)                | -                                 | (12,785)                         | 1,222,461                                     |
| Restricted funds      | 5,648,500                                | -                   | -                        | -                                 | -                                | 5,648,500                                     |
|                       | 6,550,186                                | 1,226,239           | (892,679)                | -                                 | (12,785)                         | 6,870,961                                     |

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**16. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

**ANALYSIS OF NET ASSETS BETWEEN FUNDS - CURRENT YEAR**

|  | Unrestricted<br>funds<br>2019<br>£ | Restricted<br>funds<br>2019<br>£ | Total<br>funds<br>2019<br>£ |
|--|------------------------------------|----------------------------------|-----------------------------|
| Tangible fixed assets                  | 106,723                            | 5,596,523                        | 5,703,246                   |
| Fixed asset investments                | 607,122                            | -                                | 607,122                     |
| Current assets                         | 906,487                            | -                                | 906,487                     |
| Creditors due within one year          | (162,713)                          | -                                | (162,713)                   |
| Provisions for liabilities and charges | (208,000)                          | -                                | (208,000)                   |
|  | <u>1,249,619</u>                   | <u>5,596,523</u>                 | <u>6,846,142</u>            |

**ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR**

|                               | Unrestricted<br>funds<br>2018<br>£ | Restricted<br>funds<br>2018<br>£ | Total<br>funds<br>2018<br>£ |
|-------------------------------|------------------------------------|----------------------------------|-----------------------------|
| Tangible fixed assets         | 163,279                            | 5,648,500                        | 5,811,779                   |
| Fixed asset investments       | 487,306                            | -                                | 487,306                     |
| Current assets                | 821,794                            | -                                | 821,794                     |
| Creditors due within one year | (249,918)                          | -                                | (249,918)                   |
|                               | <u>1,222,461</u>                   | <u>5,648,500</u>                 | <u>6,870,961</u>            |

**17. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES**

|  | 2019<br>£      | 2018<br>£      |
|--|----------------|----------------|
| Net income for the year (as per Statement of Financial Activities) | 81,181         | 320,775        |
| <b>Adjustment for:</b>   |                |                |
| Depreciation charges   | 135,884        | 14,051         |
| (Losses)/gains on investments                                      | (18,957)       | 12,785         |
| Dividends, interest and rents from investments                     | (7,488)        | (1,334)        |
| Income retained within investments                                 | -              | (753)          |
| Investment management fees paid from investments                   | -              | 662            |
| (Increase)/decrease in debtors                                     | (16,089)       | 7,748          |
| Increase/(decrease) in creditors                                   | 14,795         | (23,532)       |
| <b>Net cash provided by operating activities</b>                   | <u>189,326</u> | <u>330,402</u> |

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**NOTES TO THE FINANCIAL STATEMENTS  
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**18. ANALYSIS OF CASH AND CASH EQUIVALENTS**

|              | <b>2019</b>    | <b>2018</b>    |
|--------------|----------------|----------------|
|              | <b>£</b>       | <b>£</b>       |
| Cash in hand | <b>842,764</b> | <b>774,160</b> |
| Total        | <b>842,764</b> | <b>774,160</b> |

**19. CONTINGENT LIABILITIES**

There is a contingent liability to repay the Housing Association Grant of £3,049,627 in certain circumstances including the disposal of the properties in respect of which the grant was received.

There were no other material contingent liabilities at 31 March 2019 (2018: £nil).

**20. PENSION COMMITMENTS**

The company participates in the Social Housing Pension Scheme (the Scheme), a multi-employer scheme which provides benefits to some 500 non-associated employers. The Scheme is a defined benefit scheme in the UK.

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

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

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

For financial years ending on or before 28 February 2019, it has not been possible for the company to obtain sufficient information to enable it to account for the Scheme as a defined benefit scheme; therefore the company has accounted for the Scheme as a defined contribution scheme.

For financial years ending on or after 31 March 2019, it is possible to obtain sufficient information to enable the company to account for the Scheme as a defined benefit scheme.

For accounting purposes, two actuarial valuations for the scheme were carried out with effective dates of 31 March 2018 and 30 September 2018. The liability figures from each valuation are rolled forward to the relevant accounting dates, if applicable, and are used in conjunction with the company's fair share of the Scheme's total assets to calculate the company's net deficit or surplus at the accounting period start and end dates.

The following information is provided for a comprehensive understanding of the position of the company with regard to its defined benefit obligations.



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**20. PENSION COMMITMENTS (continued)**

**PRESENT VALUES OF DEFINED BENEFIT OBLIGATION, FAIR VALUE OF ASSETS AND DEFINED BENEFIT ASSET (LIABILITY)**

|  | 31 March 2019<br>(£000s) | 31 March 2018<br>(£000s) |
|--|--------------------------|--------------------------|
| Fair value of plan assets                              | 621                      | 576                      |
| Present value of defined benefit obligation            | 829                      | 749                      |
| Surplus (deficit) in plan                              | (208)                    | (173)                    |
| Unrecognised surplus                                   | -                        | -                        |
| Defined benefit asset (liability) to be recognised     | (208)                    | (173)                    |
| Deferred tax   | -                        | -                        |
| Net defined benefit asset (liability) to be recognised | (208)                    | (173)                    |

**RECONCILIATION OF THE IMPACT OF THE ASSET CEILING**

|   | Period ended<br>31 March 2019<br>(£000s) |
|---|--|
| Impact of asset ceiling at start of period                | -  |
| Effect of the asset ceiling included in net interest cost | -  |
| Actuarial losses (gains) on asset ceiling                 | -  |
| Impact of asset ceiling at end of period                  | -  |

**RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION**

|  | Period ended<br>31 March 2019<br>(£000s) |
|--|--|
| Defined benefit obligation at start of period                      | 749                                      |
| Current service cost   | 12                                       |
| Expenses   | 2  |
| Interest expense   | 19                                       |
| Contributions by plan participants                                 | 5  |
| Actuarial losses (gains) due to scheme experience                  | 4  |
| Actuarial losses (gains) due to changes in demographic assumptions | 2  |
| Actuarial losses (gains) due to changes in financial assumptions   | 51                                       |
| Benefits paid and expenses   | (15)                                     |
| Liabilities acquired in a business combination                     | -  |
| Liabilities extinguished on settlements                            | -  |
| Losses (gains) on curtailments                                     | -  |
| Losses (gains) due to benefit changes                              | -  |
| Exchange rate changes  | -  |
| Defined benefit obligation at end of period                        | 829                                      |

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**20. PENSION COMMITMENTS (continued)**

**RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE FAIR VALUE OF PLAN ASSETS**

|   | Period ended<br>31 March 2019<br>(£000s) |
|---|--|
| Fair value of plan assets at start of period  | 576                                      |
| Interest income   | 15                                       |
| Experience on plan assets (excluding amounts included in interest income) - gain (loss) | 13                                       |
| Contributions by the employer   | 27                                       |
| Contributions by plan participants  | 5  |
| Benefits paid and expenses  | (15)                                     |
| Assets acquired in a business combination   | -  |
| Assets distributed on settlements   | -  |
| Exchange rate changes   | -  |
| Fair value of plan assets at end of period  | 621                                      |

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2019 was £28,000.

**DEFINED BENEFIT COSTS RECOGNISED IN STATEMENT OF FINANCIAL ACTIVITIES (SOFA)**

|  | Period from<br>31 March 2018 to<br>31 March 2019<br>(£000s) |
|--|---|
| Current service cost   | 12  |
| Expenses   | 2   |
| Net interest expense   | 4   |
| Losses (gains) on business combinations                                      | -   |
| Losses (gains) on settlements  | -   |
| Losses (gains) on curtailments   | -   |
| Losses (gains) due to benefit changes  | -   |
| Defined benefit costs recognised in statement of financial activities (SOFA) | 18  |

**ASSETS**

|                             | 31 March 2019<br>(£000s) | 31 March 2018<br>(£000s) |
|-----------------------------|--------------------------|--------------------------|
| Global Equity               | 105                      | 114                      |
| Absolute Return             | 54                       | 70                       |
| Distressed Opportunities    | 11                       | 6                        |
| Credit Relative Value       | 11                       | -                        |
| Alternative Risk Premia     | 36                       | 22                       |
| Fund of Hedge Funds         | 3                        | 19                       |
| Emerging Markets Debt       | 21                       | 23                       |
| Risk Sharing                | 19                       | 5                        |
| Insurance-Linked Securities | 18                       | 15                       |
| Property                    | 14                       | 26                       |
| Infrastructure              | 33                       | 15                       |
| Private Debt                | 8                        | 5                        |
| Corporate Bond Fund         | 29                       | 24                       |

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**NOTES TO THE FINANCIAL STATEMENTS  
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**20. PENSION COMMITMENTS (continued)**

|                             |     |     |
|-----------------------------|-----|-----|
| Long Lease Property         | 9   | -   |
| Secured Income              | 22  | 21  |
| Over 15 Year Gilts          | -   | -   |
| Liability Driven Investment | 227 | 210 |
| Net Current Assets          | 1   | 1   |
| Total assets                | 621 | 576 |

None of the fair values of the assets shown above include any direct investments in the employer's own financial instruments or any property occupied by, or other assets used by, the employer.

**KEY ASSUMPTIONS**

|   | 31 March 2019<br>% per annum | 31 March 2018<br>% per annum |
|---|------------------------------|------------------------------|
| Discount Rate   | 2.31%                        | 2.56%                        |
| Inflation (RPI)   | 3.29%                        | 3.19%                        |
| Inflation (CPI)   | 2.29%                        | 2.19%                        |
| Salary Growth   | 3.29%                        | 3.19%                        |
| Allowance for commutation of pension for cash at retirement | 75% of maximum               | 75% of maximum               |

The mortality assumptions adopted at 31 March 2019 imply the following life expectancies:

|                         | Life expectancy at age 65<br>(Years) |
|-------------------------|--------------------------------------|
| Male retiring in 2019   | 21.8                                 |
| Female retiring in 2019 | 23.5                                 |
| Male retiring in 2039   | 23.2                                 |
| Female retiring in 2039 | 24.7                                 |

**21. OPERATING LEASE COMMITMENTS**

At 31 March 2019 the total of the charity's future minimum lease payments under non-cancellable operating leases was:

|                         | 2019<br>£ | 2018<br>£ |
|-------------------------|-----------|-----------|
| <b>Amounts payable:</b> |           |           |
| Within 1 year           | -         | 528       |

**22. RELATED PARTY TRANSACTIONS**

There were no related party transactions during the year.