

Charity number 1009780

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# PEARSON'S AND ST ELIZABETH'S COTTAGE HOMES

## FINANCIAL STATEMENTS

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For the year ended 31 March 2021

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Pearson's and St Elizabeth's Cottage Homes  
Financial Statements 2021

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<b>Contents</b>	<b>Page</b>
Trust information	3
Trustee report	4
Independent auditor's report	10
Statement of income and reserves	14
Statement of financial position	15
Notes to the financial statements	16

Pearson's and St Elizabeth's Cottage Homes  
Financial Statements 2021

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**Trust information**

**The Trustee**

Worthing Homes Ltd  
Davison House  
North Street  
Worthing  
West Sussex, BN11 1ER

**Auditors**

Carpenter Box  
Amelia House  
Crescent Road  
Worthing  
West Sussex, BN11 1QR

**Principal solicitors**

Capsticks Solicitors LLP  
1 St George's House East  
St George's Road  
Wimbledon  
London SW19 4DR

Devonshires  
30 Finsbury Circus  
London EC2M 7DT

**Bankers**

Lloyds Bank Plc  
3<sup>rd</sup> Floor, 25 Gresham Street  
London EC2V 7HN

The Royal Bank of Scotland Plc  
9<sup>th</sup> Floor  
280 Bishopsgate  
London EC2M 4RB

**Legal Status**

Registered charity number 1009780  
Regulator of Social Housing number A1348

**Registered Office**

Davison House  
North Street  
Worthing  
West Sussex  
BN11 1ER

## Pearson's and St Elizabeth's Cottage Homes Financial Statements 2021

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### **Trustee report**

#### **The charity and its principal activities**

The charity is an amalgamation of the former Pearson's Retreat Cottage Homes regulated by deed dated 26 July 1920 as affected by a Scheme of the Charity Commissioners of 19 April 1978, and St Elizabeth's Almshouses regulated by a scheme of the Charity Commissioners of 11 May 1966. Approval for the aforementioned amalgamation was granted by the Charity Commissioners for England and Wales under seal dated 24 June 1991. Worthing Homes Limited acts as corporate Trustee of the charity.

The charity is also registered with the Regulator of Social Housing. Throughout the year the Trust complied with the Regulator of Social Housing's Governance and Financial Viability Standard.

The main activity of the charity is the provision of social housing. The principal aim is to provide affordable housing to meet the needs of people over 50 years of age within the borough of Worthing. The charity will ensure that properties are managed and maintained to the highest standards.

The charity has a total of 74 units of accommodation as follows:-

1 – 14 Coronation Homelets: Small cottages converted to 8 studio bungalows and 6 one bed bungalows, scheme completed during 1991.

1 – 20 Pearson's Retreat: A block of one bedroom flats built in 1977. 21– 48 Pearson's Retreat: Pre-war cottages,

1 – 4 St. Elizabeth's Almshouses: A major refurbishment programme including conversion into 4 self-contained flats was completed during 1993.

1 - 6 Pendle. A block of 6 general needs flats purchased during 2016.

#### **Public Benefit Disclosure**

The current activities of the charitable Registered Social Landlord are detailed in the Trustee report. The Trustee confirms that it has had regard to the Charity Commission guidance on public benefit when reviewing the charitable Registered Social Landlord's aims and objectives and in planning future activities.

Pearson's and St Elizabeth's Cottage Homes  
Financial Statements 2021

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## **Trustee report (continued)**

### **Trustee**

Worthing Homes Ltd was the sole corporate Trustee of Pearson's and St Elizabeth's Cottage Homes during the year.

The members of the board of Worthing Homes Ltd during the year were:

Paul Smith (Chair)  
Colin Goodwin  
Jennifer Graham  
Louise Murphy (to 6 May 2021)  
Nigel Perryman  
Helen Rice  
Celia Rowe  
Chongo Shula  
Chris Simpson  
Steve Wills

### **Secretary to the Trustee**

Julian Pitcher

### **Performance for the year**

The Trustee is reporting a surplus on ordinary activities of £147,000 (2020: £83,000).

The financial year has been dominated by COVID-19. The number of responsive repairs reduced during lockdown periods with a reduced cost of £25,000 compared to £33,000 in 2020. Also major repairs investment temporarily reduced to £175,000 compared to £197,000 in 2020.

The Trust was able to complete the works on transforming the former scheme managers house into two flats adding an additional property to the Brougham Road site.

The charity's reserves at 31 March 2021 total £2,581,000 (2020: £2,363,000) which represented a total recognised surplus for the year of £218,000 (2020: £77,000). Of this surplus there was an unrealised gain on listed investments of £72,000 (2020: £6,000 loss). The balance being the surplus on ordinary activities of £147,000 (2020: £83,000).

Turnover during the year of £407,000 represented an increase of 4% over 2020 (£390,000). 2019-20 contained 53 Mondays so there were 51 chargeable weeks as opposed to the usual 50. However, 2020-21 includes a full year of charges for the new housing support service where only 6 months were charged in 2019-20.

Pearson's and St Elizabeth's Cottage Homes  
Financial Statements 2021

---

## Trustee report (continued)

The investment in planned maintenance totalled £175,000 during the year (2020: £197,000):

Flat Conversion	£115,000
Fire Safety Works	£3,000
External Works	£5,000
Communal improvements and internal decoration	£31,000
Flood Alleviation works	£3,000
Service agreements and associated work	<u>£18,000</u>
Total	<u>£175,000</u>

Of this, £151,000 was capitalised under the component accounting rules (2020: £126,000).

## Future plans

The charity provides low cost housing in Worthing and maintains its existing stock through its annual maintenance programme. In the coming year the planned investment includes:

34 & 35 Pearson's Retreat external decorations and windows	£15,000
Kitchen and bathroom modernisations	£21,000
Communal improvements	£250,000
Relocation of electrical meters	£15,000
Replace gas boilers	£10,000
Service agreements and associated work	£34,000
Replacement Careline System	£100,000
Total	<u>£445,000</u>

## Fixed assets

The Trustee is of the opinion that the market value of the housing properties are in excess of the net book value. Details of changes in fixed assets are shown in notes 10 and 11 to the financial statements.

## Value for money

Value for money means obtaining the best social outcomes using the resources available.

Obtaining value for money from our resources is essential to ensure we can continue to invest in the Trust and meet its aims of ensuring that properties are managed and maintained to the highest standards.

Securing value for money is embedded in our culture. We are focussed on providing an efficient and highly cost effective service to all our customers. The setting and performance against the Trust's targets, service standards targets and budget are monitored by the Trustee.

Pearson's and St Elizabeth's Cottage Homes  
Financial Statements 2021

---

The following tables detail the Trust's performance against our targets. Customer satisfaction is measured using annual surveys on the anniversary of the start of their licence and feedback surveys after repairs

<b>Excellent Customer Experience</b>	<b>Actual 2021</b>	<b>Target 2021</b>
Overall customer satisfaction with services received from your landlord	80%	91%
Likely to recommend to family and/or friends (this is known as net promoter score)	+50.0	+47.0
% of customers that feel they are treated with respect	80%	84%
Satisfaction that your views are being listened to and acted upon	80%	73%
Satisfaction with your most recent repair	100%	95%
% of emergency repairs attended to within 24 hours	100%	100%
Number of days to complete the repair (end to end times)	9 days	8 days
Satisfaction with major repairs / planned maintenance	n/a	98%

<b>Place shaping</b>	<b>Actual 2021</b>	<b>Target 2021</b>
Satisfaction with neighbourhood as a place to live	100%	80%
Satisfaction with the overall quality of home	60%	87%
Gas servicing - overall % of properties with a valid gas certificate by anniversary date KPI affected by COVID-19	98.6%	100%
Gas servicing - overall no. of days that gas certificates were overdue KPI affected by COVID-19	11 days	0 days
Satisfaction with cleaning	75%	75%
Satisfaction with grounds maintenance	63%	80%
% of homes with 'C' energy efficiency rating	50%	100%

<b>Great Business</b>	<b>Actual 2021</b>	<b>Target 2021</b>
% rent arrears net of Housing Benefit	0.1%	0.5%
% rent collection	98.9%	99.5%
Average re-let time in days (standard re-lets) KPI affected by COVID-19	n/a	20 days
% empty home rent loss	0.2%	0.5%

Our performance against the value for money metrics is:

	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Reinvestment %	6.0%	5.5%	9.3%	3.6%	23.8%
New supply delivered % (social housing units)	1.4%	0%	0%	0%	8.2%
Gearing %	N/A	N/A	N/A	N/A	N/A
EBITDA interest cover % (Earnings Before Interest, Tax, Depreciation, Amortisation, Major Repairs Included)	N/A	N/A	N/A	N/A	N/A

## Pearson's and St Elizabeth's Cottage Homes Financial Statements 2021

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Social housing costs per unit	£3,622	£4,795	£5,863	£3,808	£4,507
Operating Margin (social housing lettings only)	37.6%	20.5%	19.7%	33.9%	35.9%
Operating Margin (overall)	33.7%	20.5%	19.7%	33.9%	35.9%
Return on capital employed (ROCE)	5.2%	3.1%	3.0%	5.5%	6.3%

The Trust has no loans, borrowings, or interest payable. So the gearing and interest cover calculations are not meaningful for the Trust.

The cost per unit has decreased during 2020/21 due to the impact of COVID-19 lockdowns in delaying planned maintenance works and the reduction in the number of responsive repairs. There has been a corresponding increase in operating margin and return on capital employed because of the reduced costs.

The conversion of a former scheme manager's house into 2 flats completed during the year, so a net increase of 1 new home, and this is also reflected in the reinvestment % result.

These financial statements demonstrate our track record in improving our operating efficiency and financial results. The Trust continues to maintain a strong financial position with a surplus in 2021 of £147,000 (2020: £83,000).

### Statement of Trustee responsibilities

The charity is governed by Worthing Homes Limited (the Trustee). The Trustee has responsibilities for managing the affairs of the charity, and holds meetings four times a year. Members of the board of Worthing Homes Limited, the sole Trustee, are drawn from a wide background bringing together technical, professional and community skills. Board members are eligible for remuneration in accordance with the guidelines set by the Regulator of Social Housing.

Charity law and registered social landlord legislation requires the Trustee to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charity and of the surplus or deficit for that period.

In preparing these financial statements, the Trustee is required to:

- Select suitable accounting policies and apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- Follow applicable United Kingdom accounting standards and the Housing SORP 2018: Statement of Recommended Practice for Registered Social Housing Providers, 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 Trust will continue in business.



Pearson's and St Elizabeth's Cottage Homes  
Financial Statements 2021

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## Trustee report (continued)

### Statement of Trustee responsibilities (continued)

The Trustee is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Trust and enable it to ensure that the financial statements comply with the Charities Act 2011, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. The Trustee is 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.

### Reserves policy

It is the Registered Social Landlord's policy to retain sufficient reserves to enable ongoing maintenance of the properties, with a target of at least £300,000. The budget is managed monthly to ensure reserves are adequate for both planned and unplanned maintenance. The reserves readily available for these purposes are regarded as the net current assets balance held at 31 March 2021 of £474,000.

### Going concern

The Trustee, after reviewing the charity's budget for 2021/22, has a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future, being a period of at least twelve months after the date on which the audit report is signed. The Trustee has considered any potential impact of COVID-19 and have concluded that it will continue to not have a significant adverse financial or operational impact on the Trust. The Trustee has concluded that there is no material uncertainty in relation the appropriateness of continuing to adopt the going concern basis in preparing the annual report and accounts.

### Statement of disclosure to auditor

- (a) so far as the Trustee is aware, there is no relevant audit information of which the charity's auditors are unaware, and
- (b) they have taken all the steps that they ought to have taken as Trustee in order to make themselves aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

### Independent auditor

Carpenter Box have expressed their willingness to continue in office as the charity's auditors and a resolution to reappoint them will be proposed at the Annual General Meeting.

By order of the Trustee  
5 August 2021

Chair – Paul Smith

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*Paul Smith*  
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Pearson's and St Elizabeth's Cottage Homes  
Financial Statements 2021

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## **Independent auditor's report to the Trustee of Pearson's and St. Elizabeth's Cottage Homes**

### **Opinion**

We have audited the financial statements of Pearson's and St Elizabeth's Cottage Homes (the 'charity') for the year ended 31 March 2021 which comprise the statement of income and reserves, the statement of financial position and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2021 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011, the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing in England 2019.

### **Basis for opinion**

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

### **Conclusions relating to going concern**

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

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

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

## Pearson's and St Elizabeth's Cottage Homes Financial Statements 2021

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### **Other information**

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The Trustee is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of 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 this gives rise to a material misstatement in the financial statements themselves. 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**

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

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

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of the Trustee**

As explained more fully in the statement of responsibilities, the Trustee is 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 Trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the Trustee is responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee either intend to cease operations, or have no realistic alternative but to do so.

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

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

## Pearson's and St Elizabeth's Cottage Homes Financial statements 2021

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

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- Obtaining an understanding of the legal and regulatory framework in which the charity operates, focusing on those laws and regulations that had a direct effect on the financial statements and operations;
- Obtaining an understanding of the charity's policies and procedures on fraud risks, including knowledge of any actual, suspected or alleged fraud; and
- Discussing among the engagement team how and where fraud might occur in the financial statements and any potential indicators of fraud through our knowledge and understanding of the charity and our sector-specific experience.

As a result of these procedures, we considered the opportunities and incentives that may exist within the charity for fraud. We are also required to perform specific procedures to respond to the risk of management override. As a result of performing the above, we identified the following areas as those most likely to have an impact on the financial statements: compliance with the Charities Act 2011.

In addition to the above, our procedures to respond to risks identified included the following:

- Making enquiries of management about any known or suspected instances of non-compliance with laws and regulations and fraud;
- Reviewing minutes of meetings of the board and senior management;
- Challenging assumptions and judgments made by management in their significant accounting estimates, in particular in relation to depreciation of housing properties and valuation of investments; and
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness.

Due to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). For instance, the further removed non-compliance is from the events and transactions reflected in the financial statements, the less likely the auditor is to become aware of it or to recognise the non-compliance.


A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Pearson's and St Elizabeth's Cottage Homes  
Financial statements 2021

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**Use of our report**

This report is made solely to the charity's members, as a body, in accordance with regulations made under Section 154 of the Charities Act 2011 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 members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's members, as a body, our audit work, for this report, or for the opinions we have formed.

DocuSigned by:  
 25/8/2021  
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**Robin Evans BA FCA CTA (Senior Statutory Auditor)**  
**For and on behalf of Carpenter Box**  
**Chartered Accountants**  
**Statutory Auditor**  
**Worthing**

**Carpenter Box is a trading name of Carpenter Box Limited**

Pearson's and St Elizabeth's Cottage Homes  
Financial statements 2021

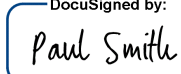
## Statement of income and reserves for the year ended 31 March 2021

		2021 £	2020 £
	Notes		
Turnover	4	407,426	389,873
Operating costs	4	(254,291)	(309,927)
Loss on disposal of fixed assets		(7,943)	-
<b>Operating surplus</b>		<b>145,192</b>	<b>79,946</b>
Interest receivable	9	1,423	2,858
<b>Surplus for the financial year</b>		<b>146,615</b>	<b>82,804</b>
Unrealised surplus on investments	12	71,584	(5,703)
<b>Total comprehensive income for the year</b>		<b>218,199</b>	<b>77,101</b>
Reserves brought forward		2,362,639	2,285,538
Reserves carried forward		2,580,838	2,362,639

The Trust's results relate wholly to continuing activities. The accompanying notes on pages 16 to 27 form part of these financial statements. The financial statements were approved by the Trustee on 5 August 2021 and signed on its behalf by:

Member of the board of Worthing Homes Limited (sole Trustee):

Chair – Paul Smith

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Pearson's and St Elizabeth's Cottage Homes  
Financial statements 2021

## Statement of financial position for the year ended 31 March 2021

	Notes	2020 £	2020 £
<b>Fixed assets</b>			
Tangible fixed assets - housing properties	10	1,957,774	1,859,638
Tangible fixed assets – other	11	-	-
Investments	12	365,768	294,184
Total fixed assets		2,323,542	2,153,822
<b>Current assets</b>			
Debtors	13	16,903	19,400
Cash and cash equivalents		521,772	549,508
		538,675	568,908
<b>Creditors: amounts falling due within one year</b>	14	(64,859)	(140,757)
Net current assets		473,816	428,151
<b>Total assets less current liabilities</b>		2,797,358	2,581,973
<b>Creditors: amounts falling due after more than one year</b>	15	(216,520)	(219,334)
<b>Net assets</b>		2,580,838	2,362,639
<b>Reserves</b>			
Income and expenditure reserve		2,580,838	2,362,639
<b>Total reserves</b>		2,580,838	2,362,639

The financial statements were approved by the Trustee on 5 August 2021 and were signed on its behalf by:

Members of the board of Worthing Homes Limited (sole corporate Trustee):

Chair – Paul Smith

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*Paul Smith* 11/8/2021  
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Board member – Jennifer Graham

DocuSigned by:  
*Jeni Graham* 12/8/2021  
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Secretary to the Trustee – Julian Pitcher

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*Julian Pitcher* 27/8/2021  
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## **Notes to the financial statements**

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

#### **1) Legal status**

Pearson's and St Elizabeth's Cottage Homes is a Trust, a registered charity with the Charity Commission and is registered with the Homes and Communities Agency as a social housing provider. The housing Trust is a public benefit entity. The nature of the Trust's operations and principal activities are the provision of social housing.

#### **2) Accounting policies**

##### **Basis of accounting**

The financial statements have been prepared in accordance with applicable law and UK accounting standards (United Kingdom Generally Accepted Accounting Practice) which for Pearson's and St Elizabeth's Cottage Homes includes the Housing and Regeneration Act 2008, FRS 102 "the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland", the Statement of Recommended Practice (SORP) for Registered Social Housing Providers 2018, the Accounting Direction for Private Registered Providers of Social Housing 2019.

The accounts are prepared under the historic cost basis, modified to include certain items at fair value.

The financial statements are prepared in sterling, which is the functional currency of the Registered Provider, and are rounded to the nearest £1.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates (note 3). It also requires the Trust's management to exercise judgement in applying the Trust's accounting policies.

The following principal accounting policies have been applied:

##### **Going concern**

The Trustee, after reviewing the charity's budget for 2021/22, has a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future, being a period of at least twelve months after the date on which the audit report is signed. The Trustee has considered any potential impact of COVID-19 and have concluded that it will continue to not have a significant adverse financial or operational impact on the Trust. The Trustee has concluded that there is no material uncertainty in relation the appropriateness of continuing to adopt the going concern basis in preparing the annual report and accounts.



Pearson's and St Elizabeth's Cottage Homes  
Financial statements 2021

---

**Notes to the financial statements  
for the year ended 31 March 2021**

**2) Accounting policies (continued)**

**Income**

Income is measured at the fair value of the consideration received or receivable. The Trust generates the following material income streams:

- Rental income receivable (after deducting lost rent from void properties available for letting)
- Service charges receivable

**Tangible fixed assets – Housing properties**

Housing properties are properties held for the provision of social housing or to otherwise provide social benefit. Housing properties are stated at cost less depreciation.

The cost of housing land and property includes the cost of acquiring land and buildings, development costs, interest capitalised during the development period, directly attributable administration costs and expenditure incurred in respect of improvements which comprise the modernisation and extension of existing properties.

Expenditure on major refurbishment to properties is capitalised where the works increase the net rental stream over the life of the property. An increase in the net rental stream may arise through an increase in the net rental income, a reduction in future maintenance costs, or a subsequent extension in the life of the property. All other repair and replacement expenditure is charged to the statement of comprehensive income.

**Depreciation of housing properties**

Housing land and property is split between land, structure and other major components that are expected to require replacement over time with substantially different economic lives.

Land is not depreciated on account of its indefinite useful economic life.

Pearson's and St Elizabeth's Cottage Homes  
Financial statements 2021

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## Notes to the financial statements for the year ended 31 March 2021

### 2) Accounting policies (continued)

Housing properties are split between the structure and the major components which require periodic replacement. The costs of replacement or restoration of these components are capitalised and depreciated over the determined average useful economic life on a straight line basis as follows:

Land	not depreciated	Roof - pitched	60 years
Structure	100 years	Roof - flat	30 years
Windows	30 years	Boiler	15 years
Kitchen	30 years	Lift	25 years
Bathroom	30 years	Electrics	40 years
Heating	30 years	Doors	30 years

### Tangible fixed assets – other

Other tangible fixed assets are stated at historical cost less accumulated depreciation.

### Listed investments

Listed investments are shown at market value. Any unrealised surplus or deficit is recognised in the statement of income and reserves.

### Government grants

The grant received in relation to newly acquired or existing housing properties is accounted for using the accrual model set out in FRS 102 and the Housing SORP 2018. The grant is carried as deferred income in the statement of financial position and released to the statement of comprehensive income on a systematic basis over the useful economic lives of the asset for which it was received. In accordance with Housing SORP 2018 the useful economic life of the housing property structure has been selected.

### Debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year qualify as basic financial instruments and are recorded initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest rate method, less any impairment losses. Any losses arising from impairment are recognised in the income statement in other operating expenses.

Creditors are recognised when there is a present obligation resulting from a past event that will result in the transfer of funds to a third party as the amount due to settle can be measured reliably.

Pearson's and St Elizabeth's Cottage Homes  
Financial statements 2021

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**Notes to the financial statements  
for the year ended 31 March 2021**

**2) Accounting policies (continued)**

**Recoverable amount of rental and other trade receivables**

The Trust estimates the recoverable value of rental and other receivables and impairs the debtor by appropriate amounts.

**Rent and service charge agreements**

The Trust has made arrangements with individuals and households for arrears payments of rent and service charges. These arrangements are effectively loans granted at nil interest rate.

**Cash and cash equivalents**

Cash and cash equivalents in the Trust's statement of financial position consists of cash at bank, in hand, deposits and short term investments with an original maturity of three months or less.

**Apportionment of management expenses**

The income and expenditure account has been charged with a sum of management expenses based on the time spent by Worthing Homes Limited staff on the charity's activities. A separate allocation relating to maintenance supervision and overheads has also been made.

**Cash flow statement**

The charity has taken advantage of the exemption for a cash flow statement as permitted by section 3.10 of SORP 2018.

**Reserves**

The revenue reserve reflects the historic realised surpluses of the Trust as well as the unrealised surpluses and deficits of the investments. The reserves will be utilised to further the aims of the Trust with Trustee approval.

Pearson's and St Elizabeth's Cottage Homes  
Financial statements 2021

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**Notes to the financial statements  
for the year ended 31 March 2021**

**3) Judgements in applying accounting policies and key sources of estimation uncertainty**

In preparing these financial statements, the key judgements have been made in respect of the following:

**Useful lives of depreciable assets**

Management reviews its estimate of the useful lives of depreciable assets at each reporting date based on the expected utility of the assets. Uncertainties in these estimates relate to changes to decent homes standards which may require more frequent replacement of key components. Accumulated depreciation at 31 March 2021 was £480,252 (2020 - £446,211).

**Impairment**

Annually housing properties are assessed for impairment indicators. Where indicators are identified an assessment for impairment is undertaken comparing the housing property's carrying amount to its recoverable amount. Where the carrying amount of a scheme is deemed to exceed its recoverable amount, the housing property is written down to its recoverable amount. The resulting impairment loss is recognised as operating expenditure. Where a housing property is currently deemed not to be providing service potential to the association, its recoverable amount is its fair value less costs to sell.

Pearson's and St Elizabeth's Cottage Homes  
Financial statements 2021

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**Notes to the financial statements  
for the year ended 31 March 2021**

**4) Income and expenditure from social housing lettings**

	<b>2021</b> <b>£</b>	<b>2020</b> <b>£</b>
<b>Income from social housing lettings</b>		
Maintenance contributions from licensees net of identifiable service charges	314,004	316,231
Service charge income	90,608	70,829
Amortised government grants	2,814	2,813
	<hr/>	<hr/>
Turnover from social housing lettings	407,426	389,873
	<hr/>	<hr/>
<b>Expenditure on letting activities</b>		
Management	81,759	98,716
Service charge costs	74,176	62,718
Responsive maintenance	25,360	33,415
Planned maintenance	25,873	71,267
Bad debts	2,003	527
Depreciation of housing properties	45,120	43,284
Disposal of components	-	-
	<hr/>	<hr/>
<b>Operating expenditure on social housing lettings</b>	254,291	309,927
	<hr/>	<hr/>
<b>Operating surplus on social housing lettings</b>	153,135	79,946
	<hr/>	<hr/>
<b>Void losses</b>	(5,689)	(1,040)
	<hr/>	<hr/>

**5) Units of housing stock**

	<b>2021</b> <b>Number</b>	<b>2020</b> <b>Number</b>
<b>Homes owned but managed by other landlords</b>		
General needs housing	10	10
Housing for older people	64	63
	<hr/>	<hr/>
Total	74	73
	<hr/>	<hr/>

Pearson's and St Elizabeth's Cottage Homes  
Financial statements 2021

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**Notes to the financial statements  
for the year ended 31 March 2021**

**6) Operating surplus**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Operating surplus is stated after charging:		
Fees payable to the auditors for the		
audit of the financial statements	6,250	4,800

**7) Employee information**

The charity has no employees. Time spent by Worthing Homes Limited's employees on the charity's activities are recharged in accordance with the accounting policy.

**8) Key management personnel**

Worthing Homes Limited is the sole Trustee of Pearson's and St Elizabeth's Cottage Homes. The key management personnel are the board members and executive directors of Worthing Homes Limited.

No key management personnel received any emoluments or expenses from Pearson's and St Elizabeth's Cottage Homes during the year (2020 – nil). Remuneration was paid by Worthing Homes Limited and is disclosed in those financial statements.

**9) Interest receivable**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Investment interest	<u>1,423</u>	<u>2,858</u>

Pearson's and St Elizabeth's Cottage Homes  
Financial statements 2021

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## Notes to the financial statements for the year ended 31 March 2021

### 10) Tangible fixed assets – housing properties

	<b>Social housing properties held for letting £</b>
<b>Cost</b>	
At 1 April 2020	2,305,849
Additions:	
- Replaced components	29,713
- Assets under construction	31,113
- Disposals	(19,022)
- Property Conversion	90,373
	<hr/>
At 31 March 2021	2,438,026
	<hr/>
<b>Depreciation</b>	
At 1 April 2020	446,211
Charge for the year	45,120
Disposals – Replaced components	(11,079)
	<hr/>
At 31 March 2021	480,252
	<hr/>
<b>Net book value</b>	
At 31 March 2021	1,957,774
	<hr/> <hr/>
At 31 March 2020	1,859,638
	<hr/> <hr/>

The housing properties are freehold.

### Works to properties

	<b>2021 £</b>	<b>2020 £</b>
Improvements to existing properties capitalised	60,826	82,792
Major repairs expenditure to income and expenditure account	11,022	71,267
	<hr/>	<hr/>
Total cost of major repairs and improvements works to existing properties	71,848	154,059
	<hr/>	<hr/>

Pearson's and St Elizabeth's Cottage Homes  
Financial statements 2021

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## Notes to the financial statements for the year ended 31 March 2020

### 10) Tangible fixed assets – housing properties (continued)

#### Total social housing grant

	2021 £	2020 £
Total accumulated social housing grant received or receivable at 31 March: Recognised in the statement of comprehensive income	2,814	2,813
Held as deferred income	219,333	222,147
	<u>222,147</u>	<u>224,960</u>

### 11) Tangible fixed assets – other

	Equipment £
<b>Cost</b>	
At 1 April 2020	43,061
At 31 March 2021	<u>43,061</u>
<b>Depreciation</b>	
At 1 April 2020	43,061
Charge for the year	-
At 31 March 2021	<u>43,061</u>
<b>Net book value</b>	
At 31 March 2021	<u>-</u>
At 31 March 2020	<u>-</u>



Pearson's and St Elizabeth's Cottage Homes  
Financial statements 2021

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## Notes to the financial statements for the year ended 31 March 2021

### 12) Investments

	2021 £	2020 £
As at 1 April	294,184	299,887
Unrealised (deficit) / surplus	71,584	(5,703)
	<hr/>	<hr/>
As at 31 March	365,768	294,184
	<hr/>	<hr/>

#### Details

1,544 (2019 = 1,544) COIF Accumulation Shares	319,873	257,294
172 (2019 = 172) NAACIF Accumulation Shares	16,511	12,843
423 (2019 = 423) COIF Income Shares	7,583	6,284
25,380 (2019 = 25,380) NAACIF Income Shares	21,801	17,763
	<hr/>	<hr/>
Listed Investments (Fixed Assets)	365,768	294,184
	<hr/>	<hr/>

The COIF and NAACIF Shares are listed investments

Cost at 31 March	59,350	59,350
	<hr/>	<hr/>
Market value at 31 March	365,768	294,184
	<hr/>	<hr/>

### 13) Debtors

	2021 £	2020 £
<b>Due within one year</b>		
Rent and service charges receivable	19,951	20,445
Less: provision for doubtful debts	(3,048)	(1,045)
	<hr/>	<hr/>
	16,903	19,400
	<hr/>	<hr/>

Pearson's and St Elizabeth's Cottage Homes  
Financial statements 2021

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## Notes to the financial statements for the year ended 31 March 2021

### 14) Creditors: amounts falling due within one year

	2021 £	2020 £
Licensees maintenance contributions, support charges and amenity charges received in advance	1,814	8,470
Other creditors	60,232	129,474
Deferred capital grant	2,813	2,813
	<hr/> 64,859	<hr/> 140,757

### 15) Deferred capital grant

	2021 £	2020 £
At 1 April	222,147	224,960
Released to income in the year	(2,814)	(2,813)
	<hr/> 219,333	<hr/> 222,147
At 31 March		
Amounts to be released within one year	2,813	2,813
Amounts to be released in more than one year	216,520	219,334
	<hr/> 219,333	<hr/> 222,147

### 16) Capital commitments

At 31 March 2021 there are capital commitments of £135,000 relating to communal works at Pearson's Retreat (2020: £50,000 for the conversion of 35 Pearson's retreat).

Pearson's and St Elizabeth's Cottage Homes  
Financial statements 2021

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## **Notes to the financial statements for the year ended 31 March 2021**

### **17) Related party transactions**

The charity had the following related party transactions in the year:

All items of income and expenditure go through Worthing Homes Limited's accounts on the charity's behalf before being paid to the charity's bank account.

During the course of its business, Worthing Homes has collected maintenance contribution income on behalf of Pearson's and St Elizabeth's Cottage Homes and forwarded such monies to them, and paid all of their costs on their behalf and recharged these to the Trust. Worthing Homes Limited is the sole Trustee. The outstanding net balance at 31 March 2021 was a £16,700 debtor balance (2020:£40,900 creditor balance). This balance comprises £26,500 receivable in respect of maintenance contribution income collected by Worthing Homes (2020: £34,000), and £9,400 payable in respect of recharged costs (2020: £74,900).

The charity incurred management charges of £50,000 (2020:£46,500), Caretaking £15,700 (2020: £29,200), recharged service and support costs of £31,600 (2020: £14,700), and gardening costs of £12,100 (2020: £14,400).from Worthing Homes Limited during the year.