

Pickering and Ferens Homes

Report and Financial Statements

31 March 2021

TRUSTEES

At the date of this report the trustees were:

Peter Stones (Chair)	Co-opted trustee
Kate Calvert	Co-opted trustee
Paul Common	Co-opted trustee
Anna Folwell	Co-opted trustee
Glenda Gardiner	Resident trustee
Andy Gawthorpe	Co-opted trustee
Andy Gladwin	Co-opted trustee
Haroldo Herrera-Richmond	Nominated trustee
John Holliday	Resident trustee
Gwen Lunn	Nominated trustee
Christine MacKay	Co-opted trustee
Cheryl Newby	Co-opted trustee

The following changes took place:

Peter Allen	retired on 18 May 2020	Christine MacKay	appointed on 28 Sept 2020
Godfrey Burley	retired on 18 May 2020	Haroldo Herrera-Richmond	appointed on 22 June 2020
Glenda Gardiner	appointed 30 Nov 2020	George Stewart	resigned on 22 June 2020
Glenda Gardiner	resigned on 25 May 2021		

EXECUTIVE TEAM

Claire Warren	Chief Executive
Lish Harris	Business Services Director
Paula Kelly	Resident Services Director
Martin Sherman	Property Services Director

EXTERNAL AUDITORS

Beever and Struthers
St George's House
215-219 Chester Road
Manchester
M15 4JE

INTERNAL AUDITORS

TIAA Ltd
Artillery House
Fort Fareham
Newgate Lane
Fareham
PO14 1AH

PRINCIPAL BANKERS

National Westminster Bank plc 34 King Edward Street Hull HU1 3SS	Santander UK plc 6-8 King Edward Street Hull HU1 3SS	Barclays Bank plc (Hull Branch) Leicester LE87 2BB
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LENDERS

Nationwide Building Society Kings Park Road Northampton NN3 6NW	Royal Bank of Scotland plc 4th Floor, Kirkstane House 139 St Vincent Street Glasgow G2 5JF	The Housing Finance Corporation Ltd / Affordable Housing Finance plc 3rd Floor 17 St. Swithin's Lane London EC4N 8AL
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SOLICITORS

Rollits LLP Citadel House 58 High Street Hull HU1 1QE	Anthony Collins Solicitors LLP 134 Edmund Street Birmingham B3 2ES	Andrew Jackson LLP Marina Court Castle Street Hull HU1 1TJ
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REGISTERED OFFICE

Silvester House
The Maltings
Silvester Street
Hull
HU1 3HA

REGULATOR OF SOCIAL HOUSING REGISTERED No.

A4020

CHARITY COMMISSION REGISTERED No.

1014862

NATIONAL ASSOCIATION OF ALMSHOUSES REGISTERED No.

981

Pickering and Ferens Homes
REPORT OF THE TRUSTEES
for the year ended 31 March 2021

INCORPORATION

Pickering and Ferens Homes is a registered Charity, a registered provider with the Regulator of Social Housing, and a member of the National Association of Almshouses.

TRUSTEES

The Trustees during the year are those listed on page 1. The full complement of Trustees comprises two nominated Hull City Council Trustees, two resident Trustees and eight co-opted Trustees.

TRUSTEES' INTERESTS

No Trustee receives any remuneration from the Charity.

THE CHARITABLE TRUST DEED AND ADDITIONAL MATTERS

On 29 June 2020 the Charity Commissioners for England and Wales approved a new Charitable Trust Scheme. This scheme forms the governing document of the Charity. The powers of the Trustees are included within the Charitable Trust Scheme. No Trustee may have a personal interest in the Charity and all Trustees exercise their powers jointly at properly convened meetings.

Beneficiaries of the Charity are "persons who are in need by reason of age, ill health, disability, financial hardship or other disadvantage with priority being given to those who were either born or are resident in the area of benefit". The objects of the Charity are:-

- a) the provision of temporary or permanent housing accommodation for the beneficiaries, and
- b) such charitable purposes for the benefit of the beneficiaries as the trustees decide, including but not limited to the provision of health and social care and wellbeing activity to improve their quality of life, relief of financial hardship, sickness and poor health amongst them, and the provision of specially designed or adapted housing, and items, services or facilities calculated to relieve their needs.

During the year the Charity agreed a new corporate plan with seven strategic ambitions to demonstrate its exemplar status:

- a) To deliver quality services that represent value for money, in the eyes of its customers.
- b) To invest in its homes, so they remain well maintained and a safe place to live.
- c) To increase the sustainability and affordability of its homes - making them more energy efficient and reducing their carbon impact.
- d) To grow, meeting local housing demand, by providing a supply of new homes for older people.
- e) To modernise and deliver services that offer customers choice and recognise differing needs.
- f) To work with partners to deliver health and wellbeing outcomes, particularly with regards to combatting loneliness and isolation, preventing hospital and residential care stays.
- g) Making the Charity's home a 'home for life' wherever possible.
- h) To be a well-managed organisation and to support colleagues to develop their skills and knowledge to deliver the Charity's ambitions.

The Charity's strategic review is driven by the following factors:

- A desire to be a local organisation delivering quality nationally recognised exemplar services to older people.
- A commitment to reviewing performance, reducing costs and maintaining quality services so that they are competitive, affordable and achieve value for money as judged by sector comparisons and the Charity's customers.
- A desire to meet local demand by providing a supply of new housing for older people.
- The opportunity to review and modernise strategic approaches and working practices so that they remain relevant, offer choice and recognise differing needs.
- The opportunity to work with partners to deliver health and wellbeing outcomes particularly with regards to combatting loneliness and isolation and to offer homes as a 'home for life' wherever possible.
- To have an ongoing conversation with our residents to identify how we can add value to our communities and be "more than just a landlord".

PRINCIPAL ACTIVITY AND REVIEW OF BUSINESS

Our primary objective is to provide quality social housing homes and services which enhances the lives of older people within our communities.

As at 31 March 2021, the Charity was responsible for the management of 1,379 properties. All properties are located within the city of Kingston upon Hull and the East Riding of Yorkshire.

It has been an exceptional year as we have been operating within the backdrop of the COVID-19 pandemic.

During the year ended 31 March 2021, the Charity -

- Secured £7.13m of new long term capital funding from The Housing Finance Corporation Ltd to support the development of 122 new homes
- Gained Charity Commission consent and amalgamated the former Mrs D L Richardson's Almshouse Charity (31 homes) into Pickering and Ferens Homes.
- Appointed a new Resident Trustee to the board who has previous working experience in the health service and who has also been a Justice of Peace within the Family Court System.
- Appointed a new co-opted Trustee who previously founded and governed an overseas charity, was a former Pension Fund trustee and who has a professional research and engagement background.
- Undertook an update of the Corporate Plan 2021-24 and accompanying Financial Plan to enable the setting of rents, service charges, capital and revenue budgets, new development targets and property improvement programmes.
- Undertook a range of capital investment related re-procurements to deliver better value for money for residents.
- Commenced the redevelopment of the Eleanor Scott Homes site to accommodate 13 new homes.
- Considered the implications of the Government's Housing White Paper "A Charter for Social Housing Residents" paying particular focus to building safety and enhancing the customer voice.
- Commissioned Acuity Independent Research and completed a full resident satisfaction survey with 800+ of our residents providing us with their feedback.
- Appointed a Customer Experience Manager who has reviewed our complaints management policy and processes and completed our first Complaints Management Self-Assessment in line with the new housing ombudsman code.
- Agreed a sustainability plan roadmap to support the Charity's priorities for carbon reduction.
- Introduced a new internal audit firm and commissioned a range of internal audit reviews including consideration of amended practices and controls whilst working remotely.
- In conjunction with our health and safety advisors and internal auditors, undertook a comprehensive audit of compliance.
- Invested circa £98k in communal area enhancements at our Humber View Scheme.
- Received confirmation from the Regulator of Social Housing that the Charity achieved G1 (governance) and V1 (financial viability) ratings and therefore complies with all financial and regulatory requirements.
- Commissioned Campbell Tickell consultancy to undertake a governance health check and comprehensive board effectiveness assessment and with Housing Quality Network.
- Held Board of Trustees Strategic Training Days to consider the external and internal operating environment and the role of Trustees.
- Maintained Customer Service Excellence accreditation and Investors in People (new generation award) Silver Standard.
- Experienced lower levels of staff related sickness absence.
- Agreed lease arrangements with Age UK (Hull and East Yorkshire) to share the Charity's office space.
- Experienced significantly higher levels of void loss generated primarily through a reluctance for residents and new applicants to move during the pandemic.
- Experienced higher staff turnover than in the previous year.
- Held strategic workshops to refresh the Charity's key risks and evaluate how these risks could affect our finances through a process of robust stress testing and mitigation planning; and
- In partnership with East Riding of Yorkshire Council and private developer partners appraised several land options for owned or part owned new homes in the East Riding of Yorkshire.

PRINCIPAL ACTIVITY AND REVIEW OF BUSINESS (continued)

As at 31 March 2021 the Charity was also:

- On site with its Hessle High Road development of 29 new homes.
- Applying for planning permission to redevelop a brownfield site at Ryde Avenue, Hull.
- Progressing plans to reframe its pension liabilities and pension offer to staff currently within the East Riding of Yorkshire defined benefit pension scheme.
- Considering route and timing options in relation to becoming an Incorporated Charity.
- Defining future office space requirements following the introduction of the Charity's agile framework;
- Launching new strategies in relation to customer insight, resident engagement, marketing and communications and Equality, Diversity and Inclusion.
- Completing significant insulation works and internal remodelling to the original, Grade II listed Pickering Crescent Almshouses and upgrading external spaces.
- Appraising the future use of the Icelandic Close flats scheme.
- Developing revised fire safety and evacuation procedures for all schemes with communal entrances and exits in line with recommendations generated through the Grenfell related inquiries and our local fire and rescue services.
- Establishing a Trustee Governance Working Group to support adoption and compliance with the new NHF Governance Code (2020)
- Researching key land site and development opportunities to deliver the Charity's growth plans; and
- Working in partnership with the Health service and the University of Hull to deliver an 'interchange' pilot project where people reluctant to move can temporarily experience living in sheltered housing; initially providing 2 units of short term accommodation which supports a preventative intervention.

Coronavirus (COVID-19) Pandemic

From mid-March 2020 the Charity has had to manage and adjust to the issues arising from the Covid-19 pandemic and enforced lockdown restrictions. Many residents are considered vulnerable, both in terms of health consequences and accessing appropriate support whilst shielding. The Charity's operations were affected in that we initially moved to delivering an emergency-based service and had to suspend some face-to-face activities. The increased investment in IT infrastructure was well placed and enabled all staff, with the exception of the cleaning team, to transition to working from home.

A risk register and communications structure was developed to ensure that information was disseminated and activity was managed effectively. Identified risks were managed and mitigated. The main issue we have found difficult to manage is a reluctance for some applicants to make a housing move in pandemic conditions. This has resulted in increased levels of void properties and a significant level of void loss above previous years. Interventions to step up marketing activity and fast-track applications are underway to tackle backlogs.

As all social interactions were restricted, we commenced a programme of wellbeing calls to all residents. These calls were to ensure that no safeguarding issues were being experienced by residents and that we could make the appropriate referrals to support agencies where needed. The calls also helped us to ascertain if residents were feeling anxious, lonely or isolated. Staff were initially deployed to carry out regular befriending calls to vulnerable residents and worked in partnership with Hull City Council's Adult Social Care and Age UK who have now taken over delivery of this support service.

With oversight, the Charity has assessed that whilst disruptive, the Covid-19 lockdown experience (continuous easing of measures prevailing) does not present significant risks to its financial health or operational position.

Public Benefit

We have referred to the guidance set out in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning future activities. The Trustees consider the Charity's activities reflect our aims and objectives, and that they are designed to provide accessible services that benefit the social housing sector in accordance with our charitable activities.

Pickering and Ferens Homes**REPORT OF THE TRUSTEES (continued)
for the year ended 31 March 2021****BUSINESS AND FINANCIAL REVIEW**

	2021	2020	2019	2018	2017
	£'000	£'000	£'000	£'000	£'000
Comprehensive income - highlights					
Total turnover	9,528	8,262	7,731	7,584	7,572
Operating surplus	3,118	2,098	1,462	1,645	1,826
Interest payable and similar charges	389	385	382	372	368
Surplus for the year	2,890	1,721	1,153	1,313	1,662
	2021	2020	2019	2018	2017
	£'000	£'000	£'000	£'000	£'000
Cash flow - highlights					
Net cash inflow from operating activities	3,551	3,004	3,143	2,961	2,675
	2021	2020	2019	2018	2017
	£'000	£'000	£'000	£'000	£'000
Financial position - highlights					
Housing property at cost	89,860	86,384	85,066	80,333	72,166
Cash at bank	11,054	5,693	4,521	6,897	12,890
Net current assets	11,417	3,784	2,946	5,974	11,730
Total loans	20,394	14,323	15,260	15,845	16,329
Defined benefit pension (liability) / asset	(1,267)	34	(925)	(498)	(596)
Net assets	32,481	30,821	27,959	27,138	25,623
	2021	2020	2019	2018	2017
	£'000	£'000	£'000	£'000	£'000
Statistics					
Units in ownership	1,379	1,353	1,306	1,285	1,247
Operating margin overall	32.72%	25.39%	18.91%	21.69%	24.12%
Operating margin social housing lettings	20.67%	24.13%	16.58%	20.80%	23.22%
Rent lost from voids and bad debts	1.64%	0.72%	0.84%	0.94%	0.60%
Rent arrears (current residents)	1.23%	1.08%	0.49%	0.73%	0.60%
Interest cover (earnings before interest, tax, depreciation and amortisation to net interest payable)	9.67	6.40	3.48	4.70	5.22
Adjusted gearing	12.64%	12.07%	15.10%	13.26%	5.69%

The Charity is pleased to report a net surplus for the year of £2,890k (2020 £1,721k). The surplus was above the budget of £1,159k primarily due to the assets brought in from the Mrs D L Richardson's Almshouse charity amounting to £1,354k. Net surplus was 30.3% (2020: 20.8%) of turnover and the operating margin on social housing lettings was 20.7% (2020: 24.1%). Total loans increased during the year by £6,070k following completion of new bond finance secured through The Housing Finance Corporation Ltd. Total comprehensive income was negatively impacted by an actuarial loss of £1,229k in the East Riding of Yorkshire Pension Scheme liability. The movement in the pension scheme liability was primarily due to re-measurement in the actuarial assumptions made.

Total turnover increased from £8,262k to £9,528k in 2021, an increase of 15.3% which was predominantly due to the amalgamation with the Mrs D L Richardson's Almshouse Charity resulting in the recognition of income of £1,354k. Operating expenditure increased from £6,164k to £6,410k in 2021 as a result of an increase in major repairs expenditure offset by reductions in planned maintenance expenditure and service charge costs.

The Charity continues to generate a strong net cash flow from operating activities of £3,551k (2020: £3,004k).

Tangible fixed assets stood at £74,708k (2020: £72,389k) an increase of 3.2% predominantly driven by the amalgamation and investment in new and existing homes. The Charity ended the year with cash and short-term investments of £12,502k (2020: £6,150k). The increase is due to the drawdown of bond finance that has not yet been utilised. These resources will continue to be used to fund the Charity's operational and development objectives over the next three years.

BUSINESS AND FINANCIAL REVIEW (continued)

Interest cover (which measures the extent to which the surplus covers interest payments) was 9.67 at 31 March 2021 (2020: 6.4), and gearing (which measures the level of indebtedness, using the value for money metrics definition) has increased slightly to 12.64% (2020: 12.07%).

VALUE FOR MONEY (VFM)

Introduction

The Charity remains committed to providing high quality services which represent value for money for both its customers and stakeholders. VFM is central to the Charity being able to deliver its mission and goals and is about:

- doing the right things and investing in the right physical and human assets at the right price;
- doing things right through economic, efficient, and effective delivery; and
- evaluating success and checking that the right outcomes have been delivered.

Effective management of the Charity's resources enables a healthy generation of surpluses that can be reinvested in both existing and new homes. Strong financial performance also enables access to new loans at an affordable interest rate to support future development plans.

Linked to its strategic ambitions the Charity has developed the following VFM objectives:

- Involve Trustees, staff and residents in understanding costs, how they relate to performance and how the Charity compares with others.
- Assess the return on assets and ensure effective procurement and delivery of alternative models and solutions for poor performing assets.
- Deliver cost effective services to residents, at the right level of quality and with particular emphasis being placed on "Digital Services".
- Explore all avenues of improving VFM including using partnership working and alternative methods of service delivery.

We recognise that value for money does not have to mean cheapest. We are not seeking to minimise cost to maximise profit or improve our metrics. For us, Value for Money means using our resources wisely to do more of things our residents want.

VFM Framework and Communication

The Board meets six times a year and as part of the standing agenda items Trustees receive performance management and Value for Money reports. Trustees demonstrate ownership and oversight of VFM activities in the following ways:

- Approval of the Charity's VFM strategy.
- Approval of all business strategies, plans and actions that underpin the Charity's approach to creating value.
- Consider the VFM implications of key decisions through standardised board reporting templates, where possible considering the costs and benefits of alternative options .
- Agree VFM targets and monitor VFM achievements through regular progress reports to all Board and Audit and Risk Committee meetings.
- Proactively championing a culture of VFM outcomes throughout the Charity.
- Give importance to and assess the social value created through the Charity's activities.

The Charity communicates its VFM achievements to stakeholders in the following ways:

- Through the Report of the Trustees in the annual financial statements.
- In its periodic newsletter to residents "People First".
- Through its Annual Report to residents which is also distributed to partners and funders.
- Through the management team to staff at operational performance, staff and team meetings.

Understanding our costs

As an organisation, we are committed to carrying out benchmark analysis against a peer group of similar sized registered providers. We use the latest data set from Housemark to do this (currently 2019/20).

Pickering and Ferens Homes

REPORT OF THE TRUSTEES (continued) for the year ended 31 March 2021

VALUE FOR MONEY (VFM) (continued)

Regulator metrics

The table below shows our performance against the metrics set out by the regulator. It also shows the median performance against both our peer group and the sector and sets out our forecasted performance for the coming year.

	Pickering and Ferens Homes					Peer Group median	Sector median
	2018-19 Actual	2019-20 Actual	2020-21 Budget	2020-21 Actual	2021-22 Forecast	2019-20	2020 Global Accounts
Reinvestment in Existing Stock and New Build	7.22%	2.31%	9.60%	3.13%	8.00%	4.95%	7.20%
New Supply Delivered as a Percentage of total stock owned	1.61%	3.47%	0.57%	0.15%	2.53%	1.78%	1.50%
Adjusted net leverage / Gearing	15.10%	12.07%	21.47%	12.64%	20.81%	33.72%	44.0%
Interest Cover EBITDA (MRI)	335%	600%	356%	967%	358%	234%	170%
Headline social housing cost per unit	£4,512	£4,108	£4,334	£3,995	£4,533	£3,755	£3,830
Operating Margin - Social Housing lettings	16.58%	24.13%	18.02%	20.67%	15.97%	24.13%	25.70%
Operating Margin - Overall	18.91%	25.39%	18.93%	32.72%	16.83%	25.40%	23.10%
Return on capital employed	1.95%	2.75%	1.81%	3.62%	1.66%	2.95%	3.40%

New Supply (Non-social housing units)

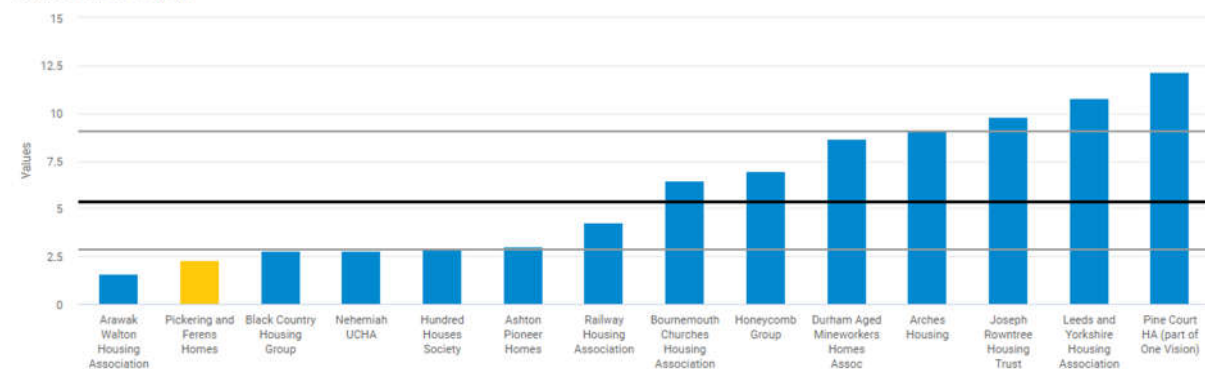
The Charity does not own any non-social housing units, nor does it have plans to acquire or develop any – therefore this metric is 0% for the last 5 years and is not shown in the table above.

Reinvestment in Existing stock and new build

This metric improved from 2.31% in 2019/20 to 3.13% in the reporting year. We had planned for this to be at a higher level, but the Covid 19 pandemic has impacted on our plans to deliver additional units with one site nearing completion towards the end of the year, and other planned developments being pushed back into 2021/22. Additionally, because of the requirement for certain demographics to shield, especially during the first lockdown, we were not able to carry out planned works at our existing properties which also impacted on the metric. We re-initiated planned works as soon as we were able to, which saw an improvement in the metric during the second half of the year, with remaining works pushed back into 2021/22.

Housemark Benchmark results for 2020:

Reinvestment % (SS)



Pickering and Ferens Homes

REPORT OF THE TRUSTEES (continued) for the year ended 31 March 2021

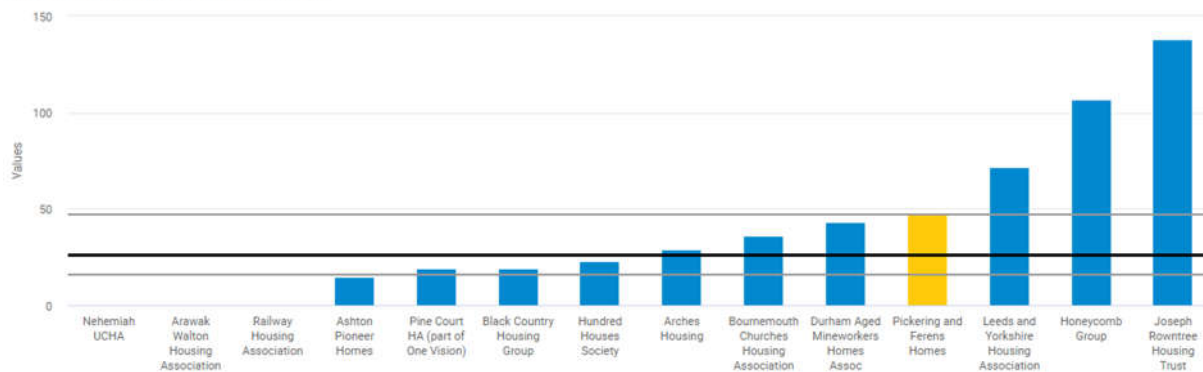
VALUE FOR MONEY (VFM) (continued)

New Supply Delivered

As outlined above, the Covid 19 pandemic pushed our planned development programme back into the second half of the year. The acquisition of two new units from a local developer were added to the network during the year. Our planned development programme has been pushed back into 2021/22 and will see units being available to let from the final quarter of the year, with further developments planned in subsequent years.

Housemark Benchmark results for 2020:

Units developed (absolute) - total (SS)



Adjusted Net Leverage / Gearing

Despite planning for this metric to increase in 2020/21, we have seen it remain at a similar level to the previous year. The Charity secured new bond finance during the year to allow it to develop additional units. This new funding was drawn down during the year, and at the year-end a significant proportion of it was held on deposit at the bank awaiting to be committed to development works. As the development programme continues during the coming year, gearing will increase towards the level that we anticipated for 2020-21.

Housemark Benchmark results for 2020:

Gearing (SS)



Pickering and Ferens Homes

REPORT OF THE TRUSTEES (continued) for the year ended 31 March 2021

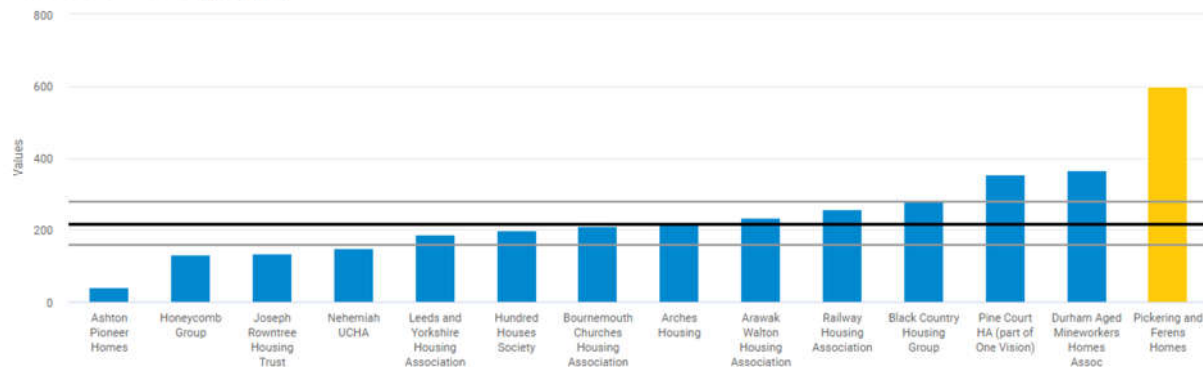
VALUE FOR MONEY (VFM) (continued)

Interest Cover - EBITDA (MRI)

An increase in the surplus generated during the year has meant that this metric is significantly higher than the previous year; this is primarily due to low interest rates on current borrowing arrangements, gifted assets received during the year following the amalgamation with the Mrs D L Richardson's Almshouse Charity coupled with underspends on maintenance and management costs and lower levels of capitalised works. This metric is expected to return to average levels during 2021/22.

Housemark Benchmark results for 2020:

Interest cover - EBITDA (MRI) (SS)

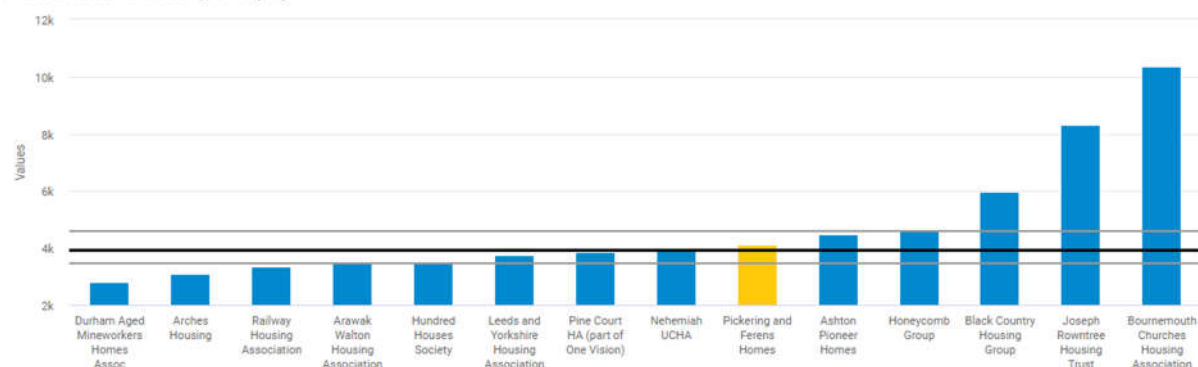


Headline Social Housing cost

As with the previous financial year, we saw a fall in this metric year-on-year from £4,108 in 2019/20 to £3,995 in the current year. We understand that our commitment to a high-quality repairs and maintenance programme means that this metric is generally higher compared to our peers. However, we also recognise that the unprecedented impact of the pandemic during 2020/21 has pushed the metric down owing to favourable variances in some maintenance and management areas. We fully anticipate that this metric will increase in the coming year as we strive to catch up with the maintenance programme and ensure that our residents continue to receive the best quality service.

Housemark Benchmark results for 2020:

Headline social housing CPU (SS)



Pickering and Ferens Homes

REPORT OF THE TRUSTEES (continued) for the year ended 31 March 2021

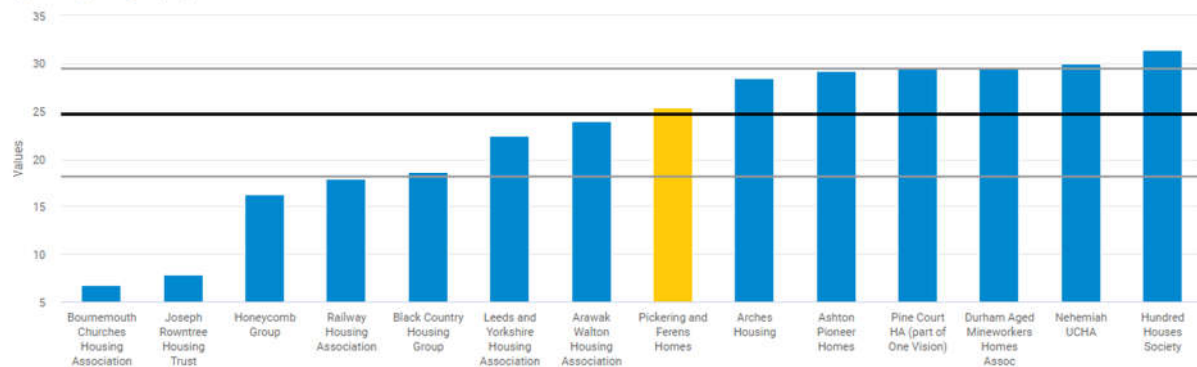
VALUE FOR MONEY (VFM) (continued)

Operating Margin (Overall)

The Charity saw higher than anticipated levels of surplus during 2020/21, which has meant that operating margins were higher than forecast. The overall operating margin also benefited from a one-time adjustment owing to the amalgamation with the Mrs D L Richardson's Almshouse Charity, which has benefited turnover through the recording of the gifted assets in the accounts. We forecast this metric to return to anticipated levels during 2021-22.

Housemark Benchmark results for 2020:

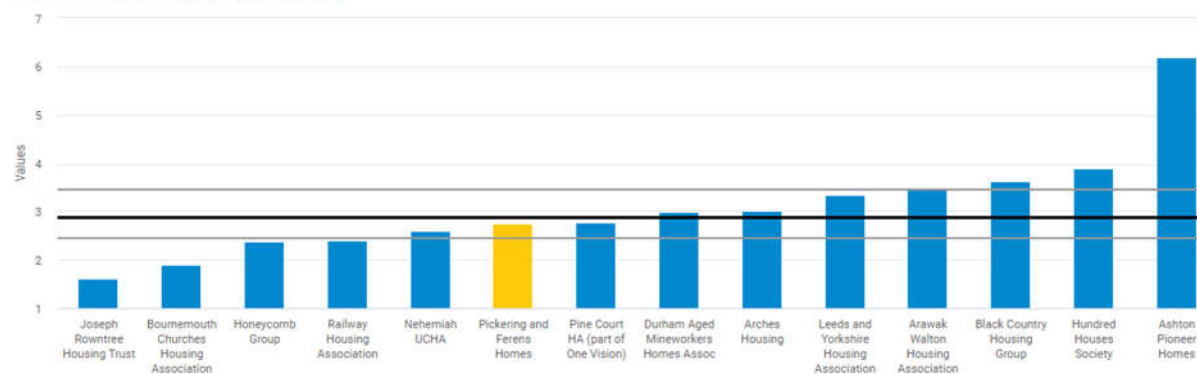
Operating margin (SS)



Return on Capital Employed

This metric has also improved following the amalgamation with Mrs D L Richardson's Almshouse Charity during the year. The higher than expected level of surplus for the year means that this metric has risen from 2.75% in the previous year to 3.62% in the current year. With new developments being planned for 2021/22, we forecast that this metric will return to planned levels during 2021-22.

Return on capital employed (ROCE) (SS)



VALUE FOR MONEY (VFM) (continued)

VFM plans 2020-21

At the start of the financial year, we set out the following objectives:

Property Investment policy (Corporate plan – Efficiency / Growth)

We began works to improve our bottom quartile properties during 2019-20 and continued these into the current financial year. This saw the demolition and re-build of a number of properties, with a payback period of 41 years. Following demolition this work allowed the addition of 13 new units to the site and provides modern 2 bedroomed accommodation with better site utilisation for long-term investment purposes. The works will be completed early in 2021/22, with delays because of the pandemic pushing back the start of the construction works. By renovating these properties, we have reduced the likelihood of having to undertake extensive repairs to the site, helping to reduce the Headline Social Housing Cost and allowing for a quicker re-let time. Also, by modernising the properties, we have improved the quality of rental for our residents, helping them to achieve a better quality of life.

We have also carried out energy saving works at a number of properties which has improved their energy efficiency; as part of this project we have remodelled the buildings and provided a better quality of property - making them more attractive to future residents. The success of these works has meant that we will be rolling this programme out over the next 5 years to ensure that other bottom quartile properties are enhanced in the same vein particularly to improve their energy efficiency ratings. Roofline works were undertaken at several sites during the year which will allow us to generate a small efficiency saving over the next 30 years by reducing maintenance costs and removing the need to re-paint and replace materials.

We had looked to transfer some of our properties to another provider which was hoped to generate a Value for Money saving as these properties currently consume a higher than average cost per unit. Talks are continuing with stakeholders, and we are also considering other options to redevelop the site. This will form part of the emerging plan for 2021/22.

Head Office review (Corporate plan – Efficiency)

We successfully secured new leaseholders to rent part of the Head Office building during 2020/21. This enabled us to generate additional revenue for the Charity through improved use of surplus office space. We had hoped to generate income of £16,500 in 2020/21 and realised income of £14,959. We anticipate a full year of income of £19,945 in 2021/22 which forms part of our continued VFM plan for the coming year.

Responsive call service (Corporate Plan – Excellence)

During the year, we continued to work on upgrading our existing assistive technology and improve the quality of the offer that we provide to our residents. We completed the tender of the system and installation commenced in Q1 of 2021/22. We had hoped to be able to achieve some savings on the tender against the current provision, but this has not proved to be the case. However, by overhauling the system and ensuring that we provide a fully digital service, we believe that we will help residents to remain independent and lead fulfilling lives. We have also ensured that the system is future-proofed as the outgoing system relied on out-dated analogue communication systems.

Tendering opportunities (Corporate Plan – Efficiency)

During the course 2020/21 we ran several tenders that present opportunities for savings. We changed our main banking provider and recognised savings following a change of internal audit provision. We ran an insurance tender during the year which we hoped would realise substantial savings in 2021/22 which would be passed on to our residents. Unfortunately, we were unable to secure any savings from the insurance tender, which resulted in a small increase in costs against previous levels. Further, following the extension of our agreement with one of our main contractors during 2019/20, we expect to see savings against maintenance work during the coming year. We had expected to generate a saving of £22,650 in the current year and have been able to recognise savings of £21,900.

VALUE FOR MONEY (VFM) (continued)

VFM Plans for 2021-22

Property Investment policy (Strategic ambition b & c – see page 2)

As outlined above, we will be bringing forward proposals during the year in relation to the site we had previously looked to transfer to another provider. These plans will reduce the operating costs of the units, having a positive impact on Headline Social Housing Cost per unit and Operating Margin as well as helping to improve the relet times. We will also continue with the energy improvement works that began in 2020/21 and introduce remote photo voltaic meter readers to all properties with PV panels, producing further savings for residents by helping to lower their utility bills and helping to lower resource costs and the carbon footprint of the Charity.

Work with partners to improve health and wellbeing (Strategic ambition f – see page 2)

We will work closely with our partners particularly around combatting loneliness and isolation, to help prevent hospital and residential home stays. We will work to deliver an interchange project and begin to look at how we can deliver a resident wellbeing programme. Success would be demonstrated by a reduction in void loss and in bad debts, and an increase in rental income. We would also expect to see an improved quality of life for our residents.

Modernise and deliver services that offer customers choice (Strategic ambition e – see page 2)

We will be working to deliver an on-line customer portal and roll out assistive technology across the network. Over the next couple of years, we hope to achieve 25% take up of the portal which we believe would help improve satisfaction scores as well as improve communication channels for residents. By introducing the portal, we hope to see an increase in self-service facility take up which will allow us to reduce operating costs. This in turn will improve the operating margin. Furthermore, we believe it will reduce relet time and reduce void loss.

Meet local housing demand by providing a supply of new homes (Strategic ambition d – see page 2)

We will continue with our development plans through the coming year. We aim to add 143 new homes to our network by the end of 2023/24. It is our belief that by doing this we will be able to lower the Headline Social Housing Cost per unit by being able to provide the same quality of service to a larger network without increasing costs. The increase of 10% in the stock level across the next three years will also see an improved return on capital employed metric and the operating margin. As far as possible, we will look to use local companies to carry out the work, ensuring that we continue to re-invest in the local economy.

We expect other areas of opportunity for Value for Money to present themselves during the year and continue to embed a culture of awareness about Value for Money within the Charity, encouraging every member of the team to be aware of what it means and how it benefits Pickering and Ferens Homes and its residents.

FIXED ASSETS

Details of movements in fixed assets are set out in notes 12 and 13 of the financial statements. Housing properties have been depreciated in accordance with the Statement of Recommended Practice - Accounting by Registered Social Housing Providers (SORP 2018).

RENTS, SUPPORT AND SERVICE CHARGES, AND RENT ARREARS

Gross rental income from social housing lettings for the year amounted to £7,808,731 (2020: £7,672,184). The Charity has an established rent policy which aims to charge affordable rents within the guidelines set out by the Regulator of Social Housing. Current rent arrears represent 1.23% of income due (2020: 1.08%). Voids and bad debts represent 1.64% of income due (2020: 0.72%).

RESERVES

It is the Trustees intention to retain levels of reserves which allow for the on-going provision of quality housing at affordable rents, provide sufficient funding for investment in future repair and regeneration programmes and enable the Charity to raise new funding and manage risk associated with a large organisation. A budget for the forthcoming year has been set to attain these objectives.

TREASURY MANAGEMENT

The Charity's treasury operations are managed by the finance team and are subject to policies approved by the Board of Trustees, with delegated authorities supplemented by detailed procedures and bank mandates. The Charity's treasury activities are routinely reported to the Board of Trustees and are subject to review by the internal auditors. The main financial risks to which the Charity is exposed relate to liquidity and movements in interest rates.

Interest rate risk

The Charity finances its operations through a mixture of retained surpluses and loans from banks and building societies. The Charity borrows at both fixed and variable rates of interest. At the end of the year long term fixed rate debt formed 85.3% (2020: 78.7%) of total borrowing.

Liquidity

Throughout the year the Charity's policy has been to ensure flexibility and continuity of funding through the use of term deposits and borrowings with a range of maturities. All committed capital investment for the next year is covered by cash, investments or current borrowing facilities. Loans have continued to be repaid in accordance with financial agreements, and no breaches of covenants have occurred since the loans were established in 1998.

EMPLOYEES

The Charity believes firmly in equal opportunities, personal development and in on-going training opportunities. The organisation wishes all staff to be trained to their maximum potential. The Charity encourages staff involvement and is committed to ensuring the health, safety and welfare of its entire workforce. On-going training is also provided to all Trustees. As at 31 March 2021 the organisation employed 43 members of staff, of which 30 were full-time and 13 were part-time.

TRUSTEE AND OFFICER INDEMNITY INSURANCE

During the year the Charity purchased and maintained liability insurance for its Trustees and Officers.

AUDITORS

A resolution to appoint external auditors will be proposed at the Trustees' Annual General Meeting.

DISCLOSURE OF INFORMATION TO AUDITORS

The Trustees who held office at the date of the approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the Charity's auditors are unaware; and each Trustee has taken all the steps that he or she ought to have taken to be aware of any relevant audit information, and to establish that the auditors are aware of that information.

STATEMENT OF TRUSTEES' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Legislation requires the Trustees 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 income and expenditure of the Charity for that period. In preparing those financial statements the Trustees have delegated the preparation of the financial statements to the Business Services Director and have required him to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- follow applicable accounting standards and the Housing SORP 2018 - Statement of Recommended Practice for Social Housing Providers (SORP 2018); and
- prepare the financial statements on the going concern basis.

The Trustees confirm that the financial statements comply with the above requirements. The Trustees are responsible for:

- keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Charity and to enable them to ensure that the financial statements comply with the Housing and Regeneration Act 2008 and The Accounting Direction for Private Registered Providers of Social Housing 2019;
- safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities; and for
- the maintenance and integrity of the Charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

NHF Code of Governance

The Charity complies with the principal recommendations of the NHF Code of Governance (2015). The ways in which we seek to achieve good governance are outlined below. The Board of Trustees formally adopted the NHF Code of Governance at a meeting of the Board of Trustees held on 19 July 2010. The Charity's Board of Trustees filed a resolution dated 18 May 2015 with the Charity Commission which amended the maximum term served by any Trustee to be 9 years (3x3 year terms). In December 2020, the Board commissioned an external governance health check to assess compliance with the current adopted code with a view to the future adoption the provisions of the NHF Code of Governance 2020. A Governance Working Group has been formed and is considering the respective policy implications ahead of adoption by 31st March 2022. The Board has also reviewed compliance against the Regulator of Social Housing's Regulatory Standards and devised a plan to support enhancement of compliance activities and assurances. The Charity's Board has determined that it is compliant with all elements of the Regulator's Governance and Viability Standard. In relation to considering future partnerships, the Charity has not adopted the Merger Code but has developed a merger, acquisitions and partnership strategy which is reviewed annually.

The Board of Trustees

The Charity is led by a Board of up to 12 Trustees who have collective responsibility for all aspects of the Charity. There are three forms of Trustee on the Board: two nominees, appointed by Kingston upon Hull City Council; two co-opted Resident Trustees appointed by the Trustees of the Charity; and eight co-opted independent Trustees who are persons, through residence, occupation, employment or otherwise that have a special knowledge of the City of Kingston upon Hull. Independent co-optees are appointed by the Trustees of the Charity. The Board meets on a bi-monthly basis and has overall responsibility for every aspect of the affairs and business of the Charity. Its key purpose is to direct and control the Charity's work, to determine strategic direction and policy, to establish and oversee risk and control frameworks and to ensure that the Charity achieves its aims and objectives. The Charity has both a financial and non-financial delegation scheme set out within its Manual of Governance. The Board of Trustees cannot deal with all details of the Charity's business and has therefore delegated a number of decisions to either Board committees, working groups or to staff. The Committees of the Charity are:

- Governance and Remuneration Committee – its main purpose is to oversee the Charity's governance arrangements and compliance, ensure that an appraisal of the performance of the Chief Executive of the Charity is undertaken on an annual basis and to determine the remuneration of the Chief Executive and annual pay awards for the Charity's staff. The Charity benchmarks all salaries by utilising housing sector salaries and benefits data, peer group comparators and local market information.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (Continued)

- Audit and Risk Committee – its overall purpose is to ensure that the Charity identifies and manages risk effectively, to ensure that an effective framework of controls is present and is satisfactorily in place, to ensure that all internal control systems are subject to an effective audit and to oversee the work programme and performance of the internal and external auditors.
- Resident Committee – its overall purpose is to ensure that residents are able to provide their views with regard to the work of the organisation, the services provided and to promote resident involvement.

The Charity works with a Resident Scrutiny Panel (RSP). Scrutiny is the process where residents can review how the organisation provides services, and challenge and make recommendations on how these services can be improved. The Board and Executive Team consider all reports and recommendations made by the Panel. The role of the panel is under review as part of the Resident Engagement Strategy work.

The minutes of committee meetings are forwarded to each ordinary meeting of the full Board of Trustees for consideration.

Executive Officers

The Chief Executive and Directors are the senior officers of the Charity from a control perspective. It is their responsibility to ensure that officers of the Charity undertake their duties in accordance with the policies of the Board, to ensure that various operational targets set by the Board are met, to present the Board through the committees with sufficient information to enable the Board to monitor the operation of the policies and to identify the need for new policies or amendments to existing policies and to present proposals to the Board through the committees. The Chief Executive and Management Team can also delegate specific financial and operational matters to other members of the Charity's staff, as they deem appropriate.

INTERNAL CONTROLS ASSURANCE

Scope of Responsibility

The Charity, through its Executive Team, has responsibility for maintaining a sound system of internal control that supports the achievement of the organisation's policies, aims and objectives set by the Board of Trustees, whilst safeguarding the Charity's funds and assets. The work of the Executive Team is governed through the Board of Trustees and the Audit and Risk Committee's delegated responsibilities. In carrying out these responsibilities, the Charity needs to comply with the regulatory requirements of The Charity Commission and Regulator of Social Housing to ensure proper handling and reporting of its funds, emphasising value for money, good practice and high standards of integrity and propriety.

Purpose of the System of Internal Control

The system of internal control is designed to manage rather than eliminate the failure to achieve the Charity's policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify the principal risks to the achievement of the Charity's policies, aims and objectives; to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. Its effectiveness is reviewed on an annual basis.

Risk and Control Framework

- ***Identification and evaluation of key risks***

The identification of key risks is undertaken through review of key strategic risks at Board strategic away days, each Audit and Risk Committee meeting and an annual committee level review of the operational register. The Executive Team considers the risk environment through periodic team reviews and through subject specific reviews at committee level. Following periodic reviews of the operational risk register, significant risks are transferred to the corporate strategic risk register. The strategic level risk register is submitted to each meeting of the Audit and Risk Committee. The Committee also considers the level of risk appetite and tolerance for each strategic risk and makes appropriate recommendations to the Board.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (Continued)

Leadership to the risk agenda is provided through the Chief Executive and the Chair of the Audit and Risk Committee. The risk matrix is used to inform the Charity's forthcoming internal audit plans and activities. Training and guidance on the risk framework is provided through the Charity's internal audit contract and external providers.

- **Monitoring and corrective action**

There is an on-going process of self-assessment coupled with regular management reporting as described above. The risks are identified and scored in respect of likelihood and impact and changes in scores noted to generate increased focus and activity where necessary. This process also includes the updating of effective controls and mitigating actions. The work is supplemented by regular reviews by internal audit that provide independent assurance to the Board of Trustees via its Audit and Risk Committee. The arrangements include a rigorous procedure monitored by the Committee for ensuring that corrective action is taken in relation to any significant control issues.

- **Control environment and control procedures**

The Board of Trustees is responsible for the risk and control framework of the organisation. It also delivers leadership and maintains strong governance of the Charity. A statement of internal control is produced and submitted to both the Board and the Audit and Risk Committee each year. The Board considers and approves appropriate policies and procedures which are applicable to Trustees and Employees of the organisation such as:

- Standing Orders
- Financial Regulations and Financial Procedure Rules
- Delegated Authorities
- Accountancy Practices
- Treasury Management
- Whistleblowing
- Other items of statutory compliance and best practice in areas including equality, health and safety, employment, anti-fraud and bribery; and data protection.

- **Information and financial reporting systems**

The Charity prepares and approves an annual financial plan which sets out detailed budgets and other financial considerations for the year ahead together with forecasts for subsequent years. Budget monitoring and management accounts are provided to the Board of Trustees on a quarterly basis. The Board also reviews key performance and management information in order to assess progress towards the achievement of its key objectives.

Review of Effectiveness

The Executive Team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within teams and reinforced by risk awareness training.

The Executive Team and the Audit and Risk Committee also receive regular reports from internal audit, which include recommendations for improvement. The Audit and Risk Committee's role in this area is confined to a high-level review of the arrangements for internal control. At its May 2021 meeting, the Board of Trustees carried out the annual assessment for the year ended 31 March 2021 by considering documentation from the Executive Team and internal audit and taking account of events since 31 March 2021.

Based on the advice of the Audit and Risk Committee and Chief Executive, the Board of Trustees is of the opinion that the Charity has an adequate and effective framework for governance, risk management and internal control.

Pickering and Ferens Homes

REPORT OF THE TRUSTEES (continued) for the year ended 31 March 2021

Statement of Compliance

The Board of Trustees confirms that this report has been prepared in accordance with the principles set out in Para 4.7 of the 2018 SORP for Registered Social Housing Providers.

Governance and Financial Viability

The Board of Trustees has reviewed its compliance with the Governance and Financial Viability Standard and confirms that it complies with the requirements of the standard for the year.

Approved by order of the Board of Trustees on 19 July 2021, and signed on its behalf by

A handwritten signature in black ink, appearing to read 'P. Stones'.

Peter Stones
Chair
19 July 2021

Opinion

We have audited the financial statements of Pickering and Ferens Homes "the charity" for the year ended 31 March 2021 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Reserves, the Statement of Cashflows and the notes to the financial statements, including a summary of significant accounting policies in note 2. 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 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, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 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 trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. 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 in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

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

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities in respect of the financial statements set out on page 14, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under 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 web-site at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

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

- We obtained an understanding of laws, regulations and guidance that affect the charity, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws, regulations and guidance that we identified included the Charities Act 2011, the Statement of Recommended Practice for registered housing providers: Housing SORP 2018, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2019, tax legislation, health and safety legislation, and employment legislation.
- We enquired of the trustees and reviewed correspondence and trustee meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the trustees have in place, where necessary, to ensure compliance.
- We gained an understanding of the controls that the trustees have in place to prevent and detect fraud. We enquired of the trustees about any incidences of fraud that had taken place during the accounting period.
- The risk of fraud and non-compliance with laws and regulations was discussed within the audit team and tests were planned and performed to address these risks. We identified the potential for fraud in the following areas: laws related to the construction and provision of social housing recognising the regulated nature of the charity's activities.

Pickering and Ferens Homes

INDEPENDENT AUDITORS' REPORT

to the Trustees of Pickering and Ferens Homes (continued)

- We reviewed financial statements disclosures and supporting documentation to assess compliance with relevant laws and regulations discussed above.
- We enquired of the trustees about actual and potential litigation and claims.
- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

Due to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing fraud or non-compliance with laws and regulations and cannot be expected to detect all fraud and non-compliance with laws and regulations.

Use of our report

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

Beever and Struthers Statutory Auditor

Beever and Struthers is eligible to act as an auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006

St George's House
215-219 Chester Road
Manchester
M15 4JE

Date:

Pickering and Ferens Homes**STATEMENT OF COMPREHENSIVE INCOME**
for the year ended 31 March 2021

	Notes	2021 £	2020 £
TURNOVER	3 & 4	9,528,269	8,262,392
Operating expenditure	3 & 4	(6,410,388)	(6,164,270)
OPERATING SURPLUS	3 & 4	3,117,881	2,098,122
Loss on disposal of investments	15	-	(612)
Movement in fair value of investments	15	124,513	(34,420)
Income from investments	6	35,733	43,100
Interest payable and similar charges	7	(388,611)	(385,285)
SURPLUS BEFORE TAXATION	8	2,889,516	1,720,905
Taxation	11	-	-
SURPLUS FOR THE YEAR		2,889,516	1,720,905
OTHER COMPREHENSIVE INCOME			
Actuarial (loss) / gain in respect of pension scheme	25	(1,229,000)	1,141,000
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,660,516	2,861,905

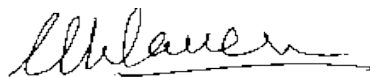
The financial statements on pages 21 to 43 were approved and authorised for issue by the Board on 19 July 2021 and were signed on its behalf by:



Peter Stones
Chair



Andy Gladwin
Trustee



Claire Warren
Secretary

The notes on pages 25 to 43 form part of these financial statements.

Pickering and Ferens Homes**STATEMENT OF FINANCIAL POSITION****31 March 2021**

	Notes	2021 £	2020 £
FIXED ASSETS			
Housing properties	12	73,887,392	71,530,711
Other fixed assets	13	820,734	858,692
		<u>74,708,126</u>	<u>72,389,403</u>
CURRENT ASSETS			
Debtors	14	1,274,830	228,515
Investments	15	1,448,290	457,027
Cash and cash equivalents	16	<u>11,053,761</u>	<u>5,693,038</u>
		13,776,881	6,378,580
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	17	<u>(2,359,843)</u>	<u>(2,594,455)</u>
NET CURRENT ASSETS		<u>11,417,038</u>	<u>3,784,125</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		86,125,164	76,173,528
CREDITORS: amounts falling due after more than one year	18	<u>(52,376,706)</u>	<u>(45,386,586)</u>
NET ASSETS EXCLUDING PENSION LIABILITY		33,748,458	30,786,942
Defined benefit pension scheme (liability) / asset	25	<u>(1,267,000)</u>	<u>34,000</u>
TOTAL NET ASSETS		<u>32,481,458</u>	<u>30,820,942</u>
RESERVES			
Income and expenditure reserve	20 / 20a	<u>32,481,458</u>	<u>30,820,942</u>

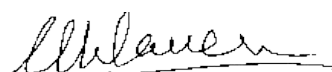
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Chair



Andy Gladwin
Trustee



Claire Warren
Secretary

The notes on pages 25 to 43 form part of these financial statements.

Pickering and Ferens Homes**STATEMENT OF CHANGES IN RESERVES****31 March 2021**

	£
Balance as at 1 April 2019	27,959,037
Surplus for the year after tax	1,720,905
Actuarial gain in respect of pension scheme	1,141,000
Balance at 31 March 2020	<u>30,820,942</u>
Surplus for the year after tax	2,889,516
Actuarial loss in respect of pension scheme	(1,229,000)
Balance at 31 March 2021	<u><u>32,481,458</u></u>

The notes on pages 25 to 43 form part of these financial statements.

Pickering and Ferens Homes
STATEMENT OF CASHFLOWS
for the year ended 31 March 2021

	<i>Notes</i>	<i>2021</i> £	<i>2020</i> £
NET CASH GENERATED FROM OPERATING ACTIVITIES	26	3,551,475	3,004,363
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition and investment in housing properties		(3,905,543)	(2,120,286)
Purchase of other tangible fixed assets		(34,049)	(72,529)
Grants received		75,000	1,215,900
Interest received		123,664	48,630
Proceeds on disposal of investments		-	400,000
Transfers to current asset investments		(238,091)	(3,323)
Cash inflow on acquisition of Trust	24	28,808	-
NET CASH USED IN INVESTING ACTIVITIES		<u>(3,950,211)</u>	<u>(531,608)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Interest paid		(433,171)	(364,392)
New secured loans		7,129,530	-
Repayment of borrowings		(936,900)	(936,232)
NET CASH GENERATED FROM / (USED) IN FINANCING ACTIVITIES		<u>5,759,459</u>	<u>(1,300,624)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		<u>5,360,723</u>	<u>1,172,131</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		<u>5,693,038</u>	<u>4,520,907</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		<u><u>11,053,761</u></u>	<u><u>5,693,038</u></u>
CASH AND CASH EQUIVALENTS COMPRISE:			
Cash at bank and in hand		5,466,348	4,261,661
Short term deposits		5,587,413	1,431,377
		<u><u>11,053,761</u></u>	<u><u>5,693,038</u></u>

The notes on pages 25 to 43 form part of these financial statements.

1. LEGAL STATUS

Pickering and Ferens Homes is a registered provider with the Regulator of Social Housing, a registered Charity, a member of the National Association of Almshouses and a Public Benefit Entity. The Charity's primary objective is to provide quality social housing homes and services which enhance the lives of older people. The financial statements of the Charity are prepared in accordance with the provisions of the Housing and Regeneration Act 2008, and the Accounting Direction for Private Registered Providers of Social Housing 2019. The Charity is registered in England and Wales, and its principal place of business is: Silvester House, Silvester Street, Hull HU1 3HA.

2. ACCOUNTING POLICIES

Basis of accounting

These financial statements have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP), and under the historical cost convention modified to include certain financial instruments at fair value. The financial statements have also been prepared in accordance with the Housing SORP 2018 - Statement of Recommended Practice for Registered Social Housing Providers (SORP 2018), issued by the National Housing Federation and under the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). The Trustees have determined that it is appropriate to prepare accounts in line with the Housing Statement of Recommended Practice due to the current status and activities of the Charity. The financial statements are presented in £ sterling.

Going concern

The activities of the Charity, together with the factors likely to affect its future development and performance are set out in the report of the trustees. The financial position of the Charity, its cash flow, liquidity and borrowings are described in the Financial Statements and accompanying Notes. The financial statements have been prepared on a going concern basis after consideration of the future prospects for the Charity and the preparation of long term financial forecasts and plans which include an assessment of the availability of funding, continued compliance against lenders' covenants and certainty of cash flow from the rental of social housing stock. The Charity has a strong cash position and continues to hold significant unencumbered assets valued at approximately £28.6m (Market Value - Subject to Tenancies). Although the coronavirus (COVID-19) pandemic has had an impact on the business, the key risk for the Charity has been, and continues to be significant increases in property void loss. The business plan has been stress tested and assessed for any imminent or likely future breach in loan covenants, taking into account radical multi-variant scenarios covering the above risks. Management and Trustees have a reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future and in particular, for a period of at least twelve months after the date on which the report and financial statements are signed. The Charity therefore continues to adopt the going concern basis of accounting in preparing the annual financial statements.

Business combinations

The financial statements comprise the financial statements of the Charity incorporating any organisations acquired during the year. The results of the acquired organisations are included from the effective date of acquisition. Where acquisitions are in substance the gifting control of a business to the Charity, the combination is treated as a non-exchange transaction and the fair value of the gifted assets and liabilities in the transaction is recorded as a gain or loss in the statement of comprehensive income in the year of combination.

Mrs D L Richardson's Almshouse Charity

With effect from 29 June 2020 the Charity Commission confirmed that the Mrs D L Richardson's Almshouse Charity shall be treated as forming part of Pickering and Ferens Homes for the purposes of Part 4 (registration) and Part 8 (accounting) of the Charities Act 2011. As a result of the linking, the Charity is required to prepare a single set of accounts with appropriate disclosures in the notes, providing information on the structure of the funds for both Pickering and Ferens Homes and the Mrs D L Richardson's Almshouse Charity.

Turnover and revenue recognition

Turnover comprises rental and service charge income receivable in the period, amortised capital grant, revenue based grants receivable from the local authority, and management charge income from charitable organisations managed by the Charity. Rental and service charge income is recognised from the point when properties under development reach practical completion or otherwise become available for letting, net of any voids. Revenue grants are recognised when the conditions for receipt of agreed grant funding have been met. All other income is recognised on an accruals basis.

Pickering and Ferens Homes

ACCOUNTING POLICIES (continued) for the year ended 31 March 2021

Borrowing costs

All borrowing costs in relation to long-term loans are accounted for over the life of the matched underlying liability and are released to the statement of comprehensive income over the life of the loan.

Taxation

The charity is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.

Value Added Tax

The Charity charges VAT on some of its income and is able to recover part of the VAT it incurs on expenditure. All amounts disclosed in the accounts are inclusive of VAT to the extent that it is suffered by the Charity and not recoverable.

Fixed assets

Housing properties under construction are stated at cost and are not depreciated. These are reclassified as completed housing properties on practical completion of construction. The Charity only capitalises expenditure on housing which results in an increase in the net rental income, a reduction in future maintenance costs or a significant extension of the life of a property and/or its components. All other expenditure incurred in respect of general repairs to its housing stock is charged to the statement of comprehensive income in the year in which it is incurred. Freehold land is not depreciated. Depreciation is charged so as to write down the cost of freehold properties other than freehold land to their estimated residual value on a straight-line basis over their estimated useful economic lives. The Charity depreciates freehold housing properties by component at the following annual rates:

Housing Properties 40 – 120 years

Major components:

Roofs	50 years	Doors / Windows / Bathrooms	25 years	Lifts	20 years
Photovoltaic Panels	25 years	Kitchens	20 years	Boilers	15 years

The Charity depreciates housing properties held on long leases in the same manner as freehold properties, except where the unexpired lease term is shorter than the longest component life envisaged, in which case the unexpired term of the lease is adopted as the useful economic life of the relevant component category. Other tangible fixed assets are stated at cost less accumulated depreciation. The Charity depreciates its freehold office (excluding land) by component in the same manner as its housing properties. All other tangible fixed assets are initially measured at cost, net of depreciation and any impairment losses. Depreciation is charged on other tangible fixed assets to write off the cost less residual value over their anticipated economic useful lives which are as follows:

Computer equipment	3 years	Furniture and equipment	5-10 years	Housing Software	15 years
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Where there is evidence of impairment, assets are written down to their recoverable amount through a charge to the statement of comprehensive income.

Leasing

Leases are treated as operating leases and payments are charged to the statement of comprehensive income on a straight-line basis over the term of the lease. Any incentives received for entering into an operating lease are accounted for as a reduction to the expense and are recognised, on a straight-line basis over the lease term.

Current asset investments

Current asset investments include equities which are held for short term and are valued at fair value on a recognised stock exchange at the reporting date. Upward revaluations are reported in the statement of comprehensive income and credited to the investment revaluation reserve. Diminutions in value are recognised in the statement of comprehensive income until the investment revaluation reserve (see note 20) in respect of that asset no longer exists. Further diminutions in value or impairments of current asset investments are recognised in the statement of comprehensive income.

Current asset investments also include cash and cash equivalents invested for periods of more than 3 months which are not accessible on demand and are held to cover 12 months' interest in respect of the Affordable Housing Finance facility. Current asset investments are recognised initially at cost and subsequently at fair value at the reporting date. Any change in valuation between reporting dates is recognised in the statement of comprehensive income.

Deposits and liquid resources

Cash and cash equivalents comprise cash in hand and deposits repayable on demand, less overdrafts repayable on demand. Liquid resources are current asset investments that are disposable without curtailing or disrupting the business and are readily convertible into known amounts of cash at or close to their carrying value.

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the year end and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement accrued at the end of the period.

Social housing grant

Where developments have been financed wholly or partly by social housing and other grants, the amount of the grant received has been included as deferred income and recognised in Turnover over the estimated useful life of the associated asset structure (not land), under the accruals model. Social housing grant received for items of cost written off in the statement of comprehensive income is included as part of Turnover. Social housing grant, which is received in advance of the total development programme costs, if applicable, is shown as a current liability. Social housing grant must be recycled by registered providers under certain conditions, if a property is sold or if another "relevant event" takes place. In these cases, the social housing grant can be used for projects approved by Homes England. However, the social housing grant may have to be repaid if certain conditions are not met. If grant is not required to be recycled or repaid, any unamortised grant is recognised as Turnover. In certain circumstances, grant may be repayable, and, in that event, is subordinated unsecured repayable debt.

Other grants

Grants received in respect of revenue expenditure are credited to the statement of comprehensive income in the same period as the expenditure to which they relate.

Retirement benefits

The Charity operates a defined contribution scheme with Legal and General Assurance Society Ltd which is made available to employees who are not members of the defined benefit scheme. The amount charged to the statement of comprehensive income is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments. The Charity participates in the East Riding Pension Fund, a defined benefit final salary pension scheme managed by the East Riding of Yorkshire Council. The assets of the scheme are invested and managed independently of the finances of the Charity. Pension costs are assessed in accordance with the advice of an independent qualified actuary. The cost of providing benefits is determined using the projected unit credit method.

Asset/Liability

The net defined benefit asset/liability represents the present value of the defined benefit obligation minus the fair value of plan assets out of which obligations are to be settled. Any asset resulting from this calculation is limited to the present value of available refunds or reductions in future contributions to the plan.

The rate used to discount the benefit obligations to their present value is based on market yields for high quality corporate bonds with terms and currencies consistent with those of the benefit obligations.

Gains/Losses

Gains or losses recognised in the statement of comprehensive income:

- The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost.
- The cost of plan introductions, benefit changes, settlements and curtailments are recognised as incurred.
- Net interest on the net defined benefit asset/liability comprises the interest cost on the defined benefit obligation and interest income on the plan assets, calculated by multiplying the fair value of the plan assets at the beginning of the period by the rate used to discount the benefit obligations.

Gains or losses recognised in other comprehensive income:

- Actuarial gains and losses.
- The difference between the interest income on the plan assets and the actual return on the plan assets.

Financial instruments

The Charity has applied the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the Charity becomes a party to the contractual provisions of the instrument, and are offset only when the Charity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets

Debtors

Debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses. Where the arrangement with a debtor constitutes a financing transaction, the debtor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument. A provision for impairment of debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in the statement of comprehensive income for the excess of the carrying value of the debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in the statement of comprehensive income.

In the case of payment arrangements that exist with residents, these are deemed to constitute financing transactions and, if material, are measured at the present value of the future payments discounted at a market rate of interest applicable to similar debt instruments.

Financial liabilities

Creditors

Creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled. Where the arrangement with a creditor constitutes a financing transaction, the creditor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar instrument.

Borrowings

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

Commitments to receive a loan are measured at cost less impairment. All loans provided by the Charity's lenders are classed as basic under the requirements of FRS102, and are measured at amortised cost.

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.

The Charity 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 are discussed below.

a) Development expenditure

The Charity capitalises development expenditure in accordance with the accounting policy described on page 26. Initial capitalisation of costs is based on management's judgement that the development scheme is confirmed, usually when Board approval has taken place including access to the appropriate funding. In determining whether a project is likely to cease, management monitors the development and considers if changes have occurred that result in impairment.

b) Useful economic lives of tangible fixed assets

The annual depreciation charge for tangible fixed assets is sensitive to changes in the estimated economic useful lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on future investments, economic utilisation and the physical condition of the assets.

c) Retirement benefits

The cost of the defined benefit pension plan is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. Further details are provided in note 25.

d) Impairment of assets

Reviews for impairment of housing properties are carried out when a trigger has occurred and any impairment loss in a cash generating unit is recognised by a charge to the statement of comprehensive income. Impairment is recognised where the carrying value of a cash generating unit exceeds the higher of its net realisable value or its value in use. A cash generating unit is normally a group of properties at scheme level whose cash income can be separately identified.

Following a trigger for impairment, the Charity estimates the recoverable amount of the asset. Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use of the asset based on its service potential (VIU-SP), are recognised as impairment losses in the statement of comprehensive income.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in statement of comprehensive income. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2021

3. TURNOVER, OPERATING EXPENDITURE AND OPERATING SURPLUS

	<i>Turnover</i> £	<i>Operating Expenditure</i> £	<i>Operating Surplus</i> £
At 31 March 2021			
Social housing lettings (Note 4)	8,080,555	(6,410,388)	1,670,167
Other social housing activities			
Gifted assets (Note 24)	1,354,273	-	1,354,273
Management charges and other income	93,441	-	93,441
	<u>9,528,269</u>	<u>(6,410,388)</u>	<u>3,117,881</u>
At 31 March 2020			
Social housing lettings (Note 4)	8,125,149	(6,164,270)	1,960,879
Other social housing activities			
Management charges and other income	137,243	-	137,243
	<u>8,262,392</u>	<u>(6,164,270)</u>	<u>2,098,122</u>

4. TURNOVER AND OPERATING EXPENDITURE FROM SOCIAL HOUSING LETTINGS - By Charity

	<i>PFH</i> £	<i>Richardson's</i> £	<i>2021</i> £	<i>2020</i> £
Income				
Rent receivable net of identifiable service charges and net of voids	6,406,066	55,802	6,461,868	6,410,411
Service charge income	1,196,378	16,729	1,213,107	1,218,633
	<u>7,602,444</u>	<u>72,531</u>	<u>7,674,975</u>	<u>7,629,044</u>
Amortised government grants	373,419	-	373,419	351,179
Other grants	32,161	-	32,161	144,926
Turnover from Social Housing Lettings	<u>8,008,024</u>	<u>72,531</u>	<u>8,080,555</u>	<u>8,125,149</u>
Operating Expenditure				
Management	2,194,869	5,661	2,200,530	2,211,182
Service charge costs	1,095,145	9,669	1,104,814	1,139,150
Routine maintenance	686,144	21,553	707,697	700,022
Planned maintenance	290,677	17,819	308,496	384,693
Major repairs expenditure	657,062	17,202	674,264	354,231
Bad debts	(1,726)	(4,110)	(5,836)	11,817
Internal support grants and related costs	680	-	680	837
Depreciation of housing properties	1,289,326	-	1,289,326	1,252,038
Other costs	129,609	808	130,417	110,300
Operating expenditure on social housing lettings	<u>6,341,786</u>	<u>68,602</u>	<u>6,410,388</u>	<u>6,164,270</u>
Operating Surplus on Social Housing Lettings	<u>1,666,238</u>	<u>3,929</u>	<u>1,670,167</u>	<u>1,960,879</u>

Rent receivable net of identifiable service charges includes void loss of £133,756 (2020: £43,140). This amount is rent lost through dwellings being vacant.

All activities are in relation to Housing for Older people.

Pickering and Ferens Homes**NOTES TO THE FINANCIAL STATEMENTS (continued)**
for the year ended 31 March 2021**5. ACCOMMODATION IN MANAGEMENT**

	2021 No.	2020 No.
Number of units - all housing for older people let at social rent levels		
Housing accommodation	1,379	1,353
Managed on behalf of others	-	31
Total units in management	<u>1,379</u>	<u>1,384</u>

There were 42 units in development at 31 March 2021 (2020: Nil). During the year there were 2 additions, 7 units were demolished, and 31 units were transferred from the Mrs D L Richardson's Almshouse Charity.

6. INCOME FROM INVESTMENTS

	2021 £	2020 £
Interest on bank deposits	16,499	33,666
Income from listed investments	<u>19,234</u>	<u>9,434</u>
	<u>35,733</u>	<u>43,100</u>

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2021 £	2020 £
On bank loans repayable wholly or partly after more than five years	369,058	346,230
Defined benefit pension charge	-	24,000
Amortisation of issue costs of bank loan	<u>19,553</u>	<u>15,055</u>
	<u>388,611</u>	<u>385,285</u>

The Charity has £536,105 (2020: £298,014) in designated interest-bearing accounts charged in respect of Affordable Housing Finance plc's £10m facility and The Housing Finance Corporation Ltd's £4.5m facility - covering 12 months interest.

8. SURPLUS BEFORE TAXATION

	2021 £	2020 £
Surplus before taxation is stated after charging / (crediting):		
Depreciation of tangible fixed assets		
- housing properties	1,289,325	1,252,038
- other	72,007	56,410
Auditors' remuneration (excluding VAT):		
- statutory audit	16,500	18,352
- internal audit	10,270	16,745
Operating lease rentals (note 22)	2,572	3,704
Amortisation of governments grants	(373,419)	(351,179)

9. EMPLOYEES

The average monthly number of persons employed during the year including the executive team (expressed as full-time equivalents of 37 hours per week) was:

	2021 No.	2020 No.
Resident and customer services	14	13
Corporate and business services	10	10
Property services	7	7
Scheme managers and cleaners	6	6
	<u>37</u>	<u>36</u>

	2021 £	2020 £
Staff costs (for the above persons) were:		
Wages and salaries	1,186,142	1,171,353
Social security costs	116,336	114,939
Other pension costs and current service cost (note 25)	194,351	352,748
Defined contribution pension cost	<u>47,406</u>	<u>36,859</u>
	<u>1,544,235</u>	<u>1,675,899</u>

The full-time equivalent number of staff whose remuneration exceeded £60,000 in the period:

	2021 No.	2020 No.
£60,001 to £70,000	-	-
£70,001 to £80,000	-	1
£80,001 to £90,000	2	-
£90,001 to £100,000	1	1
£100,001 to £110,000	-	1
£110,001 to £120,000	1	-

10. KEY MANAGEMENT PERSONNEL REMUNERATION

Key management personnel are defined as non-executive members of the Board of Trustees, the Chief Executive and the Executive Directors.

Emoluments of the Executive Officers (including the Chief Executive)	2021 £	2020 £
Emoluments	328,962	322,047
Pension contributions	<u>55,186</u>	<u>74,945</u>
	<u>384,148</u>	<u>396,992</u>

The emoluments of the Chief Executive, being the highest paid person, were:

	2021 £	2020 £
Emoluments	98,598	96,658
Pension contributions	<u>18,663</u>	<u>26,388</u>
	<u>117,261</u>	<u>123,046</u>

The Executive Officers are entitled to ordinary membership of the Charity's pension schemes. No special terms or funded individual pension arrangements apply to these posts.

Members of the Board of Trustees serve on a voluntary basis and receive no emoluments in their capacity as board members of the Charity.

11. TAXATION

The Charity is registered for VAT. A large proportion of its income is exempt for VAT purposes which gives rise to a partial exemption calculation. Expenditure is therefore shown inclusive of VAT and any input tax recovered is deducted from appropriate expenditure. As the Charity only undertakes charitable activities it is therefore generally exempt from liability to taxation on Income and Capital Gains.

12. TANGIBLE FIXED ASSETS - HOUSING PROPERTIES

	<i>Completed housing properties</i> £	<i>Housing properties in the course of construction</i> £	<i>Total</i> £
Cost:			
At 1 April 2020	86,260,175	124,223	86,384,398
Additions - construction costs	-	1,929,245	1,929,245
Additions - replacement components	381,763	-	381,763
Additions - on acquisition	1,335,000	-	1,335,000
Schemes completed	255,221	(255,221)	-
Disposals (including replaced components)	(170,656)	-	(170,656)
At 31 March 2021	88,061,503	1,798,247	89,859,750
Depreciation and impairment:			
At 1 April 2020	14,853,687	-	14,853,687
Charge in the year	1,289,325	-	1,289,325
Released on disposal	(170,656)	-	(170,656)
At 31 March 2021	15,972,356	-	15,972,356
Carrying amount:			
At 31 March 2021	72,089,147	1,798,247	73,887,394
At 31 March 2020	71,406,488	124,223	71,530,711

The carrying amount of housing properties charged as security is £33,390,823 (2020: £28,585,347)

13. TANGIBLE FIXED ASSETS - OTHER

	<i>Freehold Office</i> £	<i>Furniture fixtures and fittings</i> £	<i>Total</i> £
Cost:			
At 1 April 2020	1,006,744	599,444	1,606,188
Additions	-	34,049	34,049
At 31 March 2021	1,006,744	633,493	1,640,237
Depreciation and impairment:			
At 1 April 2020	391,110	356,386	747,496
Charge in the year	21,365	50,642	72,007
At 31 March 2021	412,475	407,028	819,503
Carrying amount:			
At 31 March 2021	594,269	226,465	820,734
At 31 March 2020	615,634	243,058	858,692

Pickering and Ferens Homes
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2021
14. DEBTORS - by Charity

	<i>PFH</i>	<i>Richardson's</i>	<i>2021</i>	<i>2020</i>
	£	£	£	£
Rent arrears	92,927	2,746	95,673	82,979
Less: provision for bad debts	(2,108)	-	(2,108)	(9,770)
Social housing grant receivable	975,000	-	975,000	-
Other debtors	31,821	43,214	75,035	47,848
Prepayments and accrued income	128,573	2,657	131,230	107,458
	<u>1,226,213</u>	<u>48,617</u>	<u>1,274,830</u>	<u>228,515</u>

15. INVESTMENTS

	£
Listed investments at fair value	
At 1 April 2020	159,013
On acquisition	615,741
Additions	12,917
Change in fair value	124,514
At 31 March 2021	<u>912,185</u>
Unlisted investments	536,105
	<u>1,448,290</u>

	<i>2021</i>	<i>2020</i>
	£	£
Listed investments at cost	<u>462,970</u>	<u>156,203</u>

Investments are held for short term and are valued at fair value on a recognised stock exchange at the reporting date.

16. CASH AND CASH EQUIVALENTS - by Charity

	<i>PFH</i>	<i>Richardson's</i>	<i>2021</i>	<i>2020</i>
	£	£	£	£
Cash at bank and in hand	5,426,334	40,014	5,466,348	4,261,661
Short term deposits	5,587,413	-	5,587,413	1,431,377
	<u>11,013,747</u>	<u>40,014</u>	<u>11,053,761</u>	<u>5,693,038</u>

17. CREDITORS: amounts falling due within one year - by Charity

	<i>PFH</i>	<i>Richardson's</i>	<i>2021</i>	<i>2020</i>
	£	£	£	£
Loans (Note 18a)	1,068,881	1,111	1,069,992	936,735
Deferred capital grant (Note 18b)	380,434	-	380,434	356,581
Social housing grant received in advance	207,882	-	207,882	260,198
Rents and service charges received in advance	84,719	3,641	88,360	112,282
Other taxation and social security	-	-	-	26,527
Accruals and deferred income	66,001	-	66,001	53,491
Trade creditors	436,518	1,698	438,216	784,337
Other creditors	34,316	74,642	108,958	64,304
	<u>2,278,751</u>	<u>81,092</u>	<u>2,359,843</u>	<u>2,594,455</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2021

18. CREDITORS: amounts falling after more than one year- by Charity

	<i>PFH</i> £	<i>Richardson's</i> £	2021 £	2020 £
Loans (Note 18a)	19,302,577	21,184	19,323,761	13,386,577
Deferred capital grant (Note 18b)	32,575,626	399,556	32,975,182	31,870,581
Other long-term creditors	77,763	-	77,763	129,428
	<u>51,955,966</u>	<u>420,740</u>	<u>52,376,706</u>	<u>45,386,586</u>

18(a). BORROWINGS

	2021 £	2020 £
Loans > 1 year	<u>19,323,761</u>	<u>13,386,577</u>
	<u>19,323,761</u>	<u>13,386,577</u>
Loans	19,524,122	13,507,526
Loan issue costs	<u>(200,361)</u>	<u>(120,949)</u>
	<u>19,323,761</u>	<u>13,386,577</u>

All loans are secured by specific charges on the Charity's housing land and buildings. During the year the Charity secured £4.5m of new funding from The Housing Finance Corporation (THFC). The THFC loan is at a fixed rate of 5.2% to 2043, however the net effect of amortising the premium received with the loan reduced the effective rate to 2.00%. The following interest rates have applied to all loans held during the year.

<i>Lender</i>	<i>Type</i>	<i>Rate</i>	<i>Rate Expiry Date</i>	<i>Loan Expiry Date</i>	<i>% of Total Debt at 31 March 2021</i>
RBS	Variable	0.47%-0.69%	Dec 2023	Dec 2023	8.25%
Nationwide	Variable	0.47%-0.69%	Dec 2023	Dec 2023	6.41%
AHF plc	Fixed	2.89%	Aug 2043	Aug 2043	50.78%
THFC Ltd	Fixed	5.2%	Oct 2043	Oct 2043	34.36%
Orchardbrook	Fixed	12.25% / 15.25%	Jul 2044 / Mar 2031	Oct 2044 / Oct 2020	0.2%

	2021 £	2020 £
Bank loans due:		
Within 1 year	<u>1,069,992</u>	<u>936,735</u>
Between 1-2 years	1,172,449	981,347
Between 2-5 years	1,283,642	2,046,275
After 5 years	<u>16,867,670</u>	<u>10,358,955</u>
	<u>19,323,761</u>	<u>13,386,577</u>
Total	<u>20,393,753</u>	<u>14,323,312</u>

18(b). DEFERRED CAPITAL GRANT

	2021 £	2020 £
At 1 April	32,227,162	31,823,814
Grant received in the year	1,102,316	754,527
Grant received on acquisition	399,556	-
Capital grant released	<u>(373,418)</u>	<u>(351,179)</u>
At 31 March	<u>33,355,616</u>	<u>32,227,162</u>
Amount due to be released < 1 year	380,434	356,581
Amount due to be released > 1 year	<u>32,975,182</u>	<u>31,870,581</u>
	<u>33,355,616</u>	<u>32,227,162</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2021

19. FINANCIAL INSTRUMENTS

The carrying amount of the Charity's financial instruments at 31 March were:	2021 £	2020 £
<i>Instruments measured at fair value</i>		
Investments	1,448,290	457,027

20. INCOME AND EXPENDITURE RESERVE

	<i>Investment revaluation reserve £</i>	<i>Pension reserve £</i>	<i>General reserve £</i>	<i>Cyclical and planned maintenance £</i>	<i>Designated major repairs £</i>	<i>Total £</i>
At 1 April 2020	2,810	34,000	20,415,822	484,702	9,883,608	30,820,942
Surplus from Statement of Comprehensive Income	-	-	1,660,516	-	-	1,660,516
Transfer to general reserves	124,514	(1,301,000)	2,159,246	(308,496)	(674,264)	-
Transfer from general reserves	-	-	(1,200,000)	300,000	900,000	-
At 31 March 2021	127,324	(1,267,000)	23,035,584	476,206	10,109,344	32,481,458
By Charity						
Mrs D L Richardson's Charity	88,367	-	1,368,818	41,820	139,789	1,638,794
Pickering and Ferens Homes	38,957	(1,267,000)	21,666,766	434,386	9,969,555	30,842,664
	127,324	(1,267,000)	23,035,584	476,206	10,109,344	32,481,458

Historically negative goodwill has arisen on the acquisition of smaller charities. In accordance with the SORP, these transactions are accounted for as non-exchange transactions, and the fair value of the assets and liabilities in the combining entity are treated as a gain or loss to the statement of comprehensive income. The general reserve includes cumulative negative goodwill of £4,579,110 (2020: £4,579,110).

Designated reserves have been established to reflect the fact that the amounts included in these reserves are not available for general use. The designated reserves have been established as follows:

i) A Major Repairs Fund has been established principally to provide for the estimated costs of future major repairs expenditure for housing properties. Works which result in an enhancement of economic benefit of the asset, including the replacement of components, are deemed to be improvements and are capitalised. Any works which do not result in an enhancement of economic benefit of a property are classified as major repairs and are charged to the statement of comprehensive income. The level of reserve required is reappraised annually and a transfer to/from the income and expenditure account is made as appropriate. Consideration is given to the Charity's stock condition survey when determining the levels of contribution to the fund.

ii) A Cyclical and Planned Maintenance Fund is maintained for the purpose of providing for those items of ordinary maintenance and repair of the homes that recur at infrequent intervals.

Pickering and Ferens Homes
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2021
20(a). ANALYSIS OF NET ASSETS - by Charity

	<i>PFH</i> £	<i>Richardson's</i> £	<i>2021</i> £	<i>2020</i> £
FIXED ASSETS				
Housing properties	72,552,392	1,335,000	73,887,392	71,530,711
Other fixed assets	820,734	-	820,734	858,692
	73,373,126	1,335,000	74,708,126	72,389,403
CURRENT ASSETS				
Debtors	1,226,213	48,617	1,274,830	228,515
Investments	731,295	716,995	1,448,290	457,027
Cash and cash equivalents	11,013,747	40,014	11,053,761	5,693,038
	12,971,255	805,626	13,776,881	6,378,580
CURRENT LIABILITIES				
Creditors: amounts falling due within one year	(2,278,751)	(81,092)	(2,359,843)	(2,594,455)
NET CURRENT ASSETS	10,692,504	724,534	11,417,038	3,784,125
TOTAL ASSETS LESS CURRENT LIABILITIES	84,065,630	2,059,534	86,125,164	76,173,528
CREDITORS: amounts falling due after more than one year	(51,955,966)	(420,740)	(52,376,706)	(45,386,586)
NET ASSETS EXCLUDING PENSION LIABILITY	32,109,664	1,638,794	33,748,458	30,786,942
Defined benefit pension scheme (liability) / asset	(1,267,000)	-	(1,267,000)	34,000
TOTAL NET ASSETS	30,842,664	1,638,794	32,481,458	30,820,942

21. CAPITAL COMMITMENTS

	2021 £	2020 £
Capital expenditure contracted but not provided for in the financial statements	4,731,596	2,161,461
Capital expenditure approved by the Board of Trustees but not contracted at the year end	1,100,000	12,130,000
	<u>5,831,596</u>	<u>14,291,461</u>

The above commitments will be funded from:

Committed loan facilities	4,717,870	8,341,508
Capital grants	594,750	3,306,750
Cash reserves	518,976	2,643,203
	<u>5,831,596</u>	<u>14,291,461</u>

22. OPERATING LEASE COMMITMENTS

	2021 £	2020 £
The total future minimum lease payments under non-cancellable operating leases are as follows:		
Amounts due:		
Not later than one year	3,942	2,572
Later than one year and not later than five years	12,889	720
Later than five years	-	-
	<u>16,831</u>	<u>3,292</u>

23. GRANT AND FINANCIAL ASSISTANCE

	<i>Social Housing grants</i> £	<i>Other grants</i> £	2021 £	2020 £
Total accumulated government grant and financial assistance received or receivable at 31 March:	39,157,472	915,000	40,072,472	38,570,600
Recognised as income in Statement of Comprehensive Income	(6,716,856)	-	(6,716,856)	(6,343,438)
	<u>32,440,616</u>	<u>915,000</u>	<u>33,355,616</u>	<u>32,227,162</u>
Held as deferred capital grant				

24. ACQUISITION OF HOUSING TRUSTS

On 29 June 2020 the Charity acquired the Mrs D L Richardson's Almshouse Charity for nil consideration. In accordance with the Statement of Recommended Practice for registered social housing providers Update 2018 (SORP), the fair value of the assets and liabilities has been recognised as a gain in the Statement of Comprehensive Income. The fair values of the net assets acquired are set out below.

	Book values	Fair value adjustments	Fair values
FIXED ASSETS			
Housing properties	632,355	702,645	1,335,000
	632,355	702,645	1,335,000
CURRENT ASSETS			
Debtors	62,513	-	62,513
Investments	615,741	-	615,741
Cash at bank and in hand	28,808	-	28,808
	707,062	-	707,062
CREDITORS: amounts falling due within one year	(265,347)	-	(265,347)
NET CURRENT ASSETS	441,715	-	441,715
TOTAL ASSETS LESS CURRENT LIABILITIES	1,074,070	702,645	1,776,715
CREDITORS: amounts falling due after more than one year	(422,442)	-	(422,442)
NET ASSETS	651,628	702,645	1,354,273
Represented by			
Gifted assets			1,354,273
Consideration			Nil

Explanation of adjustments

Housing properties were valued at existing use value for social housing by Allied Chartered Surveyors.
Investments are valued at market value.

25. RETIREMENT BENEFITS**Defined contribution scheme**

Defined contribution pension arrangements were put in place during 2015-16 with Legal and General Assurance Society Ltd. These arrangements are open to all employees who are not members of the East Riding Pension Fund. Employer contributions are fixed at 10%. The assets of the scheme are held separately from those of the Charity's in an independently administered fund.

The charge to the statement of comprehensive income in respect of defined contribution scheme was £47,406 (2020: £36,859). Included in the figure above are accrued contributions of £809 (2020: £328)

Defined benefit scheme

The Charity participates in the East Riding Pension Fund, which is a funded defined benefit pension scheme. The assets of the scheme are held in separate trustee-administered funds. The agreed contribution rates for future years are 19.9% for the Charity and range between 5.5% and 12.5% for employees, depending on salary.

Total contributions in respect of the defined benefit scheme were £168,382 (2020: £247,560) of which employers' contributions totalled £121,208 (2020: £195,880) and employee contributions totalled £47,174 (2020: £51,680).

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the Fund at 31 March 2019 updated to 31 March 2021 by a qualified independent actuary.

The financial assumptions used are as follows:

	<i>At 31 March 2021 % per annum</i>	<i>At 31 March 2020 % per annum</i>
Future pension increases	2.9%	1.9%
Inflation assumption (CPI)	2.9%	1.9%
Expected rate of increase in salaries	3.8%	2.8%
Expected return on scheme assets	2.0%	2.3%
Discount rate	2.0%	2.3%

* The salary increase assumption has been set to be consistent with the most recent formal valuation. As at 31 March 2021, the long term pay growth assumption is RPI plus 0.5% p.a. The Actuary has also made an additional allowance for promotional salary increases.

Mortality

The post-retirement mortality assumptions are in line with the actuary's Club Vita analysis which was carried out for the formal funding valuation as at 31 March 2019. These are a bespoke set of VitaCurves that are specifically tailored to fit the membership profile of the Fund and are based on the data provided at the last formal valuation. Improvements have been applied that are in line with the Continuous Mortality Investigation (CMI) 2018 model, which assumes that the current rate of longevity improvements has reached a peak and will converge to a long term rate of 1.25% p.a., with improvements declining for the over 90's. The average future life expectancies at retirement age are shown below:

	<i>Males</i>	<i>Females</i>
Current pensioners	21.0 years	23.7 years
Future pensioners	22.2 years	25.5 years

25. RETIREMENT BENEFITS (continued)

Commutation

An allowance is included for future retirements to elect to take 60% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 80% of the maximum tax free cash for post-April 2008 service.

Analysis of amounts charged to the Statement of Comprehensive Income

	2021 £'000	2020 £'000
Current service cost	(193)	(301)
Past service cost	-	(53)
Net interest on the net defined benefit pension liability	-	(24)
	<u>(193)</u>	<u>(378)</u>

Amounts recognised in Other Comprehensive Income

Actuarial (loss) / gain	<u>(1,229)</u>	<u>1,141</u>
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Actual return on scheme assets was (£1,259,000) (2020: £771,000).

At the year-end there were outstanding contributions of £9,479 (2020: £30,701).

Amounts recognised in the Statement of Financial Position

The amounts included in the statement of financial position arising from the Charity's obligations in respect of the defined benefit scheme are as follows:

	2021 £'000	2020 £'000
Present value of defined benefit obligations	(9,814)	(7,235)
Fair value of scheme assets	8,547	7,269
	<u>(1,267)</u>	<u>34</u>

Movement in liability during the year

	2021 £'000	2020 £'000
Liability in scheme at 1 April	34	(925)
Service costs	(193)	(354)
Employer contributions	121	196
Net return on assets	-	(24)
Remeasurements	(1,229)	1,141
Liability in scheme at 31 March	<u>(1,267)</u>	<u>34</u>

Changes in scheme assets and obligations

	2021 £'000	2020 £'000
Changes in the present value of the defined benefit obligation:		
Defined benefit obligation at 1 April	7,235	8,879
Service costs	193	354
Interest cost	167	216
Employee contributions	47	52
Remeasurements	2,321	(2,104)
Benefits paid	(149)	(162)
Defined benefit obligation at 31 March	<u>9,814</u>	<u>7,235</u>

Pickering and Ferens Homes
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2021
25. RETIREMENT BENEFITS (continued)

	2021 £'000	2020 £'000
Changes in the fair value of scheme assets:		
Assets at 1 April	7,269	7,954
Return on scheme assets	167	192
Remeasurements	1,092	(963)
Employer contributions	121	196
Employee contributions	47	52
Benefits paid	(149)	(162)
Scheme assets at 31 March	<u>8,547</u>	<u>7,269</u>

It is estimated that the employer's contributions for the year to 31 March 2022 will be approximately £121,000.

The Charity's share of the scheme assets were:

	2021 £'000	2020 £'000
Equity instruments	5,726	4,798
Debt instruments	1,538	1,163
Property	1,026	945
Other assets	256	363
Total market value of assets	<u>8,547</u>	<u>7,269</u>

26. NET CASH GENERATED FROM OPERATING ACTIVITIES

	2021 £	2020 £
Surplus for the year	2,889,516	1,720,905
Adjustments for:		
Depreciation	1,361,332	1,308,448
Amortisation of government grants	(373,418)	(351,179)
Defined benefit pension schemes	72,000	182,000
Interest received	(35,733)	(43,100)
Interest payable	369,058	346,230
Amortisation of discounted interest on loan issue costs	61,070	15,076
	<u>4,343,825</u>	<u>3,178,380</u>
Operating cash flows before movements in working capital		
(Increase) / decrease in debtors	(312,716)	24,903
Decrease in creditors	(479,634)	(198,920)
Cash generated from operations	<u>3,551,475</u>	<u>3,004,363</u>

27. ANALYSIS OF CHANGES IN NET DEBT

	At 1 April 2020 £	Cashflow £	Other changes £	At 31 March 2021 £
Cash at bank and in hand	4,261,661	1,442,778	(238,091)	5,466,348
Bank and other loans	(14,459,316)	(6,192,630)	38,278	(20,613,668)
Refinance costs	136,004	103,464	(19,553)	219,915
Short-term deposits	1,431,377	4,156,036	-	5,587,413
Current Asset Investments	298,014	-	238,091	536,105
	<u>(8,332,260)</u>	<u>(490,352)</u>	<u>18,725</u>	<u>(8,803,887)</u>

28. RELATED PARTY TRANSACTIONS

Haroldo Herrera-Richmond and Gwen Lunn served as nominated Trustees by Kingston upon Hull City Council during the year. All transactions with the Council are made at arm's length and on normal commercial terms.

John Holliday and Glenda Gardiner served as resident trustees during the year. Resident trustees of the Charity occupy properties on normal commercial terms.

Transactions and balances outstanding at 31 March are as follows:	2021	2020
	£	£
Rent and service charges during the year	11,065	17,291
Balances owed to the Charity at 31 March	-	483
Balances owed to residents at 31 March	-	9

Details of the Key management personnel's remuneration are disclosed in note 10.

No one party / person has over-all control.