

Pickering and Ferens Homes

Report and Financial Statements

31 March 2022

BOARD OF DIRECTORS

At the date of this report the directors of Pickering and Ferens Homes Trustee Ltd were:

Kate Calvert (Chair)	Co-opted board member
Linda Chambers	Nominated board member
Paul Common	Co-opted board member
Anna Folwell	Co-opted board member
Rachel Garton	Co-opted board member
Andy Gladwin	Co-opted board member
John Holliday	Resident board member
Christine MacKay	Co-opted board member
Pam Davies	Co-opted board member
Rupert Pometsey	Co-opted board member
Chris Randall	Nominated board member

The following changes took place:

Linda Chambers	appointed on 25 July 2022	Pam Davies	appointed on 25 July 2022
Rachel Garton	appointed on 25 July 2022	Cheryl Newby	resigned on 27 Sept 2021
Andy Gawthorpe	resigned on 29 Nov 2021	Rupert Pometsey	appointed on 25 July 2022
Glenda Gardiner	resigned on 25 May 2021	Chris Randall	appointed on 25 July 2022
Haroldo Herrera-Richmond	resigned on 23 May 2022	Peter Stones	retired on 25 July 2022
Gwen Lunn	resigned on 23 May 2022		

EXECUTIVE TEAM

Claire Warren	Chief Executive
Lish Harris	Business Services Director
Paula Kelly	Resident Services Director (retired on 30 November 2021)
Martin Sherman	Technical Services Director
Richard Walker	Home Services Director (appointed on 25 October 2021)

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. Swin'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

PICKERING AND FERENS HOMES TRUSTEE LTD COMPANY No.

13968187

CHARITY COMMISSION REGISTERED No.

1014862

NATIONAL ASSOCIATION OF ALMSHOUSES REGISTERED No.

981

Pickering and Ferens Homes
REPORT OF THE TRUSTEE
for the year ended 31 March 2022

INCORPORATION

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

In March 2022, the Board of Trustees agreed to incorporate Pickering and Ferens Homes Trustee Limited as a trustee company (No. 13968187), and for that company to be appointed as corporate trustee of the Charity by a Charity Commission Scheme. The individual trustees of the Charity are now Directors of the trustee company and operate the Charity through the trustee company with the benefit of limited liability.

DIRECTORS

The Directors during the year are those listed on page 1. The full complement of Directors comprises two nominated Hull City Councillors, two residents and eight co-opted members.

DIRECTORS INTERESTS

The Directors do not receive any remuneration from the trustee company or the Charity.

THE CHARITABLE TRUST DEED AND ADDITIONAL MATTERS

On 14 March 2022 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 corporate trustee are included within the Charitable Trust Scheme. No Directors of the trustee company may have a personal interest in the Charity and all Directors 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 Board of Directors 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 refreshed the corporate plan and its 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 2022, the Charity was responsible for the management of 1,392 properties. All properties are located within the city of Kingston upon Hull and the East Riding of Yorkshire.

During the year the Charity adjusted to the relaxing of restrictions caused by the global Covid-19 pandemic to operate a full service approach, whilst incorporating efficient and effective new ways of working introduced during lockdown or imposed through restricted conditions.

During the year ended 31 March 2022, the Charity -

- Established a Board Member Governance Working Group and adopted the 2020 NHF Code of Governance and revised its associated policies to agree a 6-year maximum term for board members. To ensure compliance whilst ensuring stability within the board, a succession plan, and a small number of annual extensions, were agreed to aid transition.
- Appointed Kate Calvert, Deputy Chair and Chair of Governance and Remuneration Committee as Chair Designate pending the retirement of Pete Stones in July 2022.
- Successfully evidenced its governance and financial strength through a regulatory in-depth assessment where the highest G1/V1 rating was retained.
- Saw the retirement of Paula Kelly, Resident Services Director, and implemented a new senior leadership structure which included the appointment of a Homes Services Director and Head of Service.
- Commissioned research company TLF to undertake work with future, current and previous customers to gain insight into what would make the Charity “More Than a Landlord”.
- Commissioned Empathy Consulting to take forward phase 2 of our leadership and management development coaching programme.
- 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.
- Identified and started site work in relation to its Ryde Avenue development of 8 new homes which will include experimental sustainable infra-red heating systems.
- Undertook a range of capital investment related re-procurements to deliver better value for money for residents.
- Undertook re-procurements in relation to the Grounds Maintenance Service and the Responsive Repairs Service.
- Completed the redevelopment of the Eleanor Scott Homes site to accommodate 13 new homes.
- Considered the implications of the Regulator’s soon to be introduced Tenant Satisfaction Measures.
- Restarted the “Try Before You Apply” sheltered housing project initiative which will be evaluated by Hull University.
- Commissioned Michael Dyson Associates to undertake stock condition work and to validate associated financial assumptions within our plans.
- Maintained exemplary standards in relation to health and safety compliance.
- Invested circa £98k in communal area enhancements at our Humber View Scheme.
- Reviewed our board meeting arrangements to enable greater focus on strategic and performance areas and held board Strategy Days to consider the external and internal operating environment.
- Experienced significantly higher levels of void loss generated primarily during the pandemic but made significant improvements during Q4.
- 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
- Joined the East Riding Health and Wellbeing Board as a housing representative.

PRINCIPAL ACTIVITY AND REVIEW OF BUSINESS (continued)

As at 31 March 2022 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 Padstow Close, Hull.
- Finalising plans to reframe its pension liabilities and create a consolidated pension offer to staff currently within the East Riding of Yorkshire defined benefit pension scheme.
- Finalising documentation associated with the Charity's move to an incorporated body following Charity Commission approvals and registration with Companies House.
- Progressing the sale of Silvester House to enable the move to smaller, more energy efficient leased office accommodation.
- Launching new strategies in relation to Resident Health and Wellbeing.
- Completing phase 2 insulation works and internal remodelling to the original, Grade II listed Pickering Crescent Almshouses and upgrading external spaces.
- Modernising the communal areas at its Malin Lodge scheme.
- Researching key land site and development opportunities to deliver the Charity's growth plans; and
- Delivering 4 key projects prioritised as part of the "More Than a Landlord" research:
 - Integrated welcome service.
 - Integrated bereavement support service, in partnership with other agencies.
 - Activities programmes, in partnership with other agencies.
 - Warmer homes offer, in partnership with other agencies.

Coronavirus (COVID-19) Pandemic

From mid-March 2020 the Charity managed and adjusted to the issues arising from the Covid-19 pandemic, government guidance and enforced restrictions. The Charity's operations were affected in that it suspended some face-to-face activities. The increased investment in IT infrastructure was well placed and enabled staff to embrace hybrid working where appropriate.

A risk register and enhanced levels of internal communication ensured that information was disseminated, and activity was managed effectively. Identified risks were managed and mitigated. The Charity encountered short periods of resource shortages where staff were isolating and ill with the virus and it continued to experience higher than average void levels and long-term voids although this, as an impact of the pandemic, lessened following the roll out of the national vaccination programmes and a greater level of consumer confidence in moving home.

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 Board of Directors 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 TRUSTEE (continued)
for the year ended 31 March 2022

BUSINESS AND FINANCIAL REVIEW

	2022	2021	2020	2019	2018
	£'000	£'000	£'000	£'000	£'000
Comprehensive income - highlights					
Total turnover	8,304	9,528	8,262	7,731	7,584
Operating surplus	1,286	3,118	2,098	1,462	1,645
Interest payable and similar charges	477	389	385	382	372
Surplus for the year	923	2,890	1,721	1,153	1,313
	2022	2021	2020	2019	2018
	£'000	£'000	£'000	£'000	£'000
Cash flow - highlights					
Net cash inflow from operating activities	2,739	3,551	3,004	3,143	2,961
	2022	2021	2020	2019	2018
	£'000	£'000	£'000	£'000	£'000
Financial position - highlights					
Housing property at cost	95,281	89,860	86,384	85,066	80,333
Cash at bank	6,749	11,054	5,693	4,521	6,897
Net current assets	6,470	11,417	3,784	2,946	5,974
Total loans	18,123	20,394	14,323	15,260	15,845
Defined benefit pension (liability) / asset	(63)	(1,267)	34	(925)	(498)
Net assets	34,798	32,481	30,821	27,959	27,138
	2022	2021	2020	2019	2018
	£'000	£'000	£'000	£'000	£'000
Statistics					
Units in ownership	1,392	1,379	1,353	1,306	1,285
Operating margin overall	15.49%	32.72%	25.39%	18.91%	21.69%
Operating margin social housing lettings	14.74%	20.67%	24.13%	16.58%	20.80%
Rent lost from voids and bad debts	2.02%	1.64%	0.72%	0.84%	0.94%
Rent arrears (current residents)	0.48%	1.23%	1.08%	0.49%	0.73%
Interest cover (earnings before interest, tax, depreciation, amortisation, major repairs included to net interest payable)	3.67	9.67	6.40	3.48	4.70
Adjusted gearing	14.54%	12.64%	12.07%	15.10%	13.26%

The Charity is pleased to report a net surplus for the year of £923k (2021 £2,890k). Although the net surplus was better than budgeted for the year, it was lower than last year due to the gifted assets brought in following the amalgamation with the Mrs D L Richardson's Almshouse charity which amounted to £1,354k. Net surplus was 11.1% (2021: 30.3%) of turnover and the operating margin on social housing lettings was 14.7% (2021: 20.7%). Total loans reduced during the year by £2,270k following the repayment of the Charity's RBS loan amounting to £1.7m and £570k of scheduled repayments. Total comprehensive income was positively impacted by an actuarial gain of £1,393k in the East Riding of Yorkshire Pension Scheme liability. The positive movement in the pension scheme liability was primarily due to re-measurements in the actuarial assumptions made.

Total turnover decreased from £9,528k to £8,304k in 2022, a decrease of 12.8%, which was predominantly due to the amalgamation with the Mrs D L Richardson's Almshouse Charity in 2021, resulting in the recognition of income of £1,354k. Operating expenditure increased from £6,410k to £7,018k in 2022 following increases in management and service costs, and increases in the depreciation of property and other fixed assets.

The Charity continues to generate a strong net cash flow from operating activities of £2,739k (2021: £3,551k).

BUSINESS AND FINANCIAL REVIEW (continued)

Tangible fixed assets stood at £79,118k (2021: £74,708k) an increase of 5.9% predominantly driven by the investment in new and existing homes. The Charity ended the year with cash and short-term investments of £8,290k (2021: £12,502k). The decrease was due to the repayment of the RBS loan and cash utilised for the development and investment in the Charity's homes. These resources will continue to be used to fund the Charity's operational and development objectives over the next two years.

Interest cover (which measures the extent to which the surplus covers interest payments) was 3.67 at 31 March 2022 (2021: 9.67), and gearing (which measures the level of indebtedness, using the value for money metrics definition for adjusted gearing) has increased to 14.54% (2021: 12.64%) following utilisation of cash balances in the year.

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 strategic ambitions 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 and in services that residents value. 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 board members, 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 a range of customer access options, including a digital platform.
- Delivering added value elements to our service that improve residents' health and general well-being including affordable warmth projects.
- Increase development capacity and the supply of new homes.
- 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. There are however many competing demands on the resources available to us for example: development of new homes, investment in our existing homes, achieving net zero carbon targets, complying with building safety regulations, providing a wide range of services to our customers, and investing in local communities. 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 achieve these ambitions for the benefit of those we serve.

VFM Framework and Communication

The Board meets at least six times a year and as part of the scheduled agenda items, board members receive Performance and Value for Money reports. The Board demonstrates 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.
- Review and agree VFM targets and monitor VFM achievements against targets through half yearly progress reports.
- Proactively championing a culture of VFM outcomes throughout the Charity.
- Give importance to and assess the social value created through the Charity's activities.

Pickering and Ferens Homes

REPORT OF THE TRUSTEE (continued) for the year ended 31 March 2022

VALUE FOR MONEY (VFM) (continued)

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

- Through the Report of the Trustee in the annual financial statements, which are also published on its website.
- In its periodic newsletter to residents "People First".
- Through its Annual Report to residents which is also distributed to partners and funders.
- Through the leadership and management team to staff at management, staff and team meetings.

Understanding our costs

The code of practice that supports the VFM standard states that registered providers must understand absolute costs, how these have moved over time and how they compare. We are committed to carrying out benchmark analysis against a peer group of registered providers that offer similar services and are similar in size to the Charity. Our peer group is reviewed annually and includes the following organisations: Arawak Walton HA, Arches HA, Ashton Pioneer, Durham Aged Mineworkers HA, Leeds & Yorkshire HA, Nehemiah, and Railway HA. We use the latest data set from Housemark and the Regulator of Social Housing to compare results (currently 2020/21).

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 expected outturn and performance targets (VFM Ambitions) for the coming years.

Metric	Backward Look			Current Performance			Forward Look			
	2019-20 PFH Actual	2020-21 PFH Actual	2020-21 Peer Group Average	2021-22 Target	2021-22 Actual	2021-22 Status against Target	2022-23 Year 1	2023-24 Year 2	2024-25 Year 3	VFM Ambition
Reinvestment in Existing Stock and New Build	2.31%	3.13%	6.34%	6.85%	7.29%	😊	7.30%	5.61%	6.17%	>6%
New Supply Delivered as a Percentage of total stock owned	3.47%	0.15%	0.87%	0.93%	0.93%	😊	2.59%	1.85%	2.02%	>2%
Adjusted net leverage / Gearing	12.07%	12.64%	36.93%	14.76%	14.54%	😊	19.13%	19.92%	21.04%	<40%
Interest Cover EBITDA (MRI)	600%	967%	324%	310%	346%	😊	313%	303%	356%	>300%
Headline social housing cost per unit	£4,108	£3,995	£3,515	£4,840	£4,707	😊	£5,242	£5,206	£5,187	<£4,750
Operating Margin - Social Housing lettings	24.13%	20.67%	24.12%	13.58%	14.74%	😊	10.80%	13.50%	15.65%	>19%
Operating Margin - Overall	25.39%	32.72%	25.18%	14.47%	15.49%	😊	11.54%	14.20%	16.32%	>20%
Return on capital employed	2.75%	3.62%	3.62%	1.41%	1.50%	😊	1.19%	1.47%	1.73%	>3%

New Supply (Non-social housing units)

With the exception of its office accommodation, 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% and is not shown in the table above.

Pickering and Ferens Homes

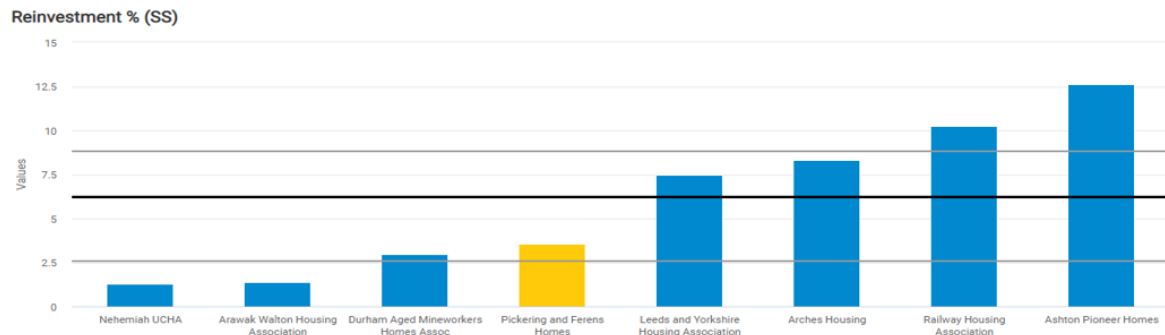
REPORT OF THE TRUSTEE (continued) for the year ended 31 March 2022

VALUE FOR MONEY (VFM) (continued)

Reinvestment in Existing stock and new build

This metric improved from 3.13% in 2020-21 to 7.29% in the reporting year. The improvement reflects the programme of new development amounting to £4.8m and the investment of over £900k in our existing homes. We expect to maintain the same level of reinvestment during 2022-23 as we progress our plans to build a further 32 new homes and replace boilers, kitchens and windows at a number of our schemes. Our longer-term strategy is to continue to progress our programme of component replacements in line with our asset strategy and build an average of 25-30 new homes each year.

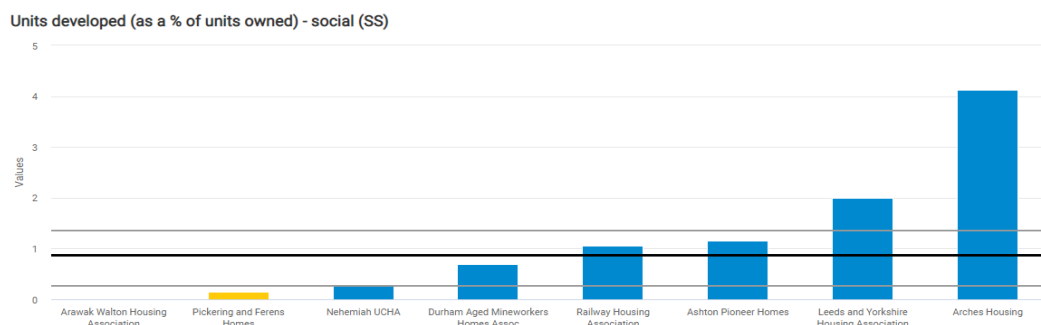
Housemark Benchmark results for 2021:



New Supply Delivered

In line with our development plans we added 13 new properties to our portfolio of stock during the year. This was an improvement on last year's result, and we expect to improve this result further during 2022-23 as we complete two further new build schemes. We expect this metric to average at around 2% over the next few years.

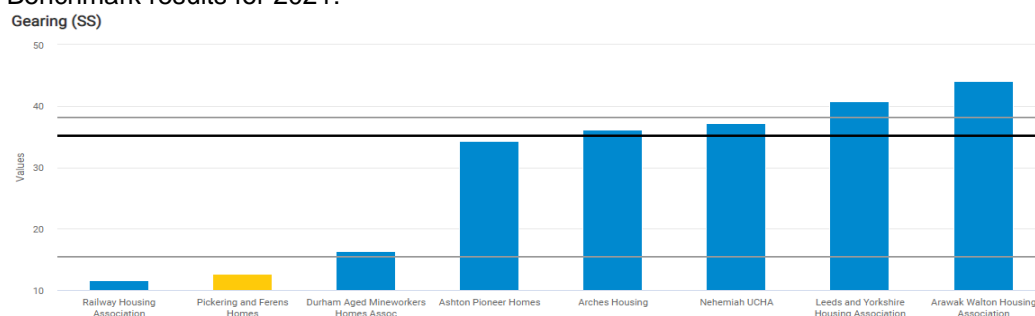
Housemark Benchmark results for 2021:



Adjusted Net Leverage / Gearing

This metric increased in 2021-22 as expected. In the previous year the Charity secured new bond finance which was fully drawn, held on deposit and utilised during 2021-22 to finance development works. In addition, the Charity repaid a legacy loan amounting to £1.7m. The net impact of these movements increased this metric from 12.64% to 14.54%. We expect further upward movement to circa 21% over the next 3 years with the Charity continuing to remain significantly below the benchmark average.

Housemark Benchmark results for 2021:



Pickering and Ferens Homes

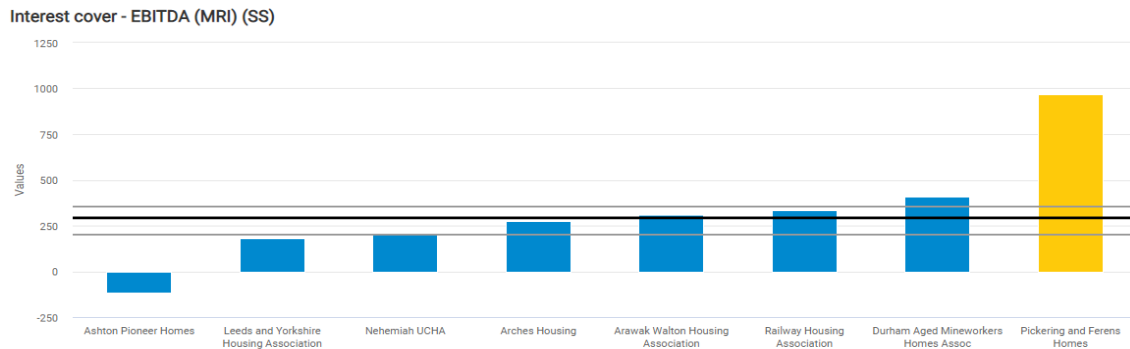
REPORT OF THE TRUSTEE (continued) for the year ended 31 March 2022

VALUE FOR MONEY (VFM) (continued)

Interest Cover - EBITDA (MRI)

An increase in the surplus generated last year following the amalgamation with a smaller charity meant that this metric was significantly higher than usual last year at 967%. For 2021-22 it reduced to 346% (closer to the benchmark average) and is forecasted to remain around this level for the next 3 years.

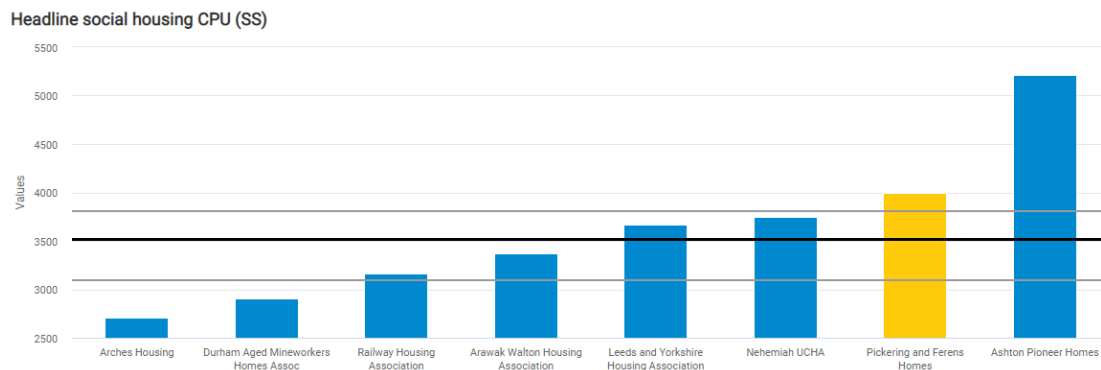
Housemark Benchmark results for 2021:



Headline Social Housing cost

We saw a fall in this metric from £4,108 in 2019-20 to £3,995 in 2020-21. An increase in management and service costs during 2021-22 has reversed the downward trend resulting in an increase to £4,707. 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, primarily during the previous years, pushed the metric down owing to favourable variances in some maintenance and management costs. We anticipate that this metric will increase in the coming year as we face unprecedented inflationary pressures, continue to catch up with planned maintenance programmes and ensure that our residents continue to receive the best quality service.

Housemark Benchmark results for 2021:



Pickering and Ferens Homes

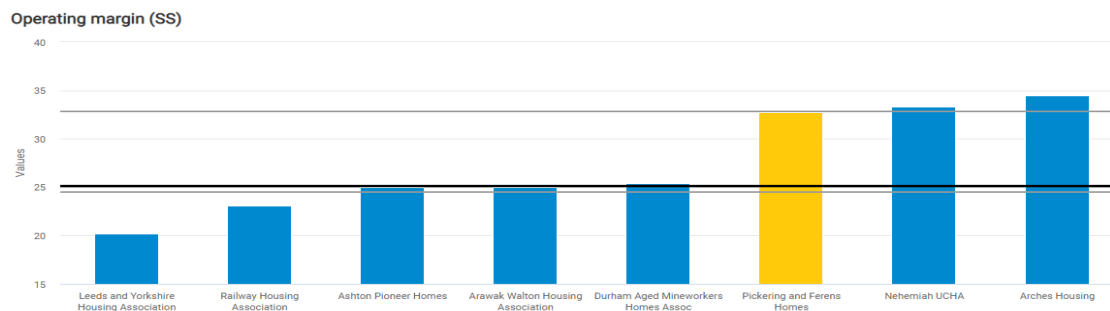
REPORT OF THE TRUSTEE (continued) for the year ended 31 March 2022

VALUE FOR MONEY (VFM) (continued)

Operating Margin (Overall)

The Charity saw higher than anticipated levels of surplus during 2020-21, which meant that the operating margin was higher than we normally report. Last year, 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 benefited turnover through the recording of the gifted asset in the accounts. For 2021-22 the metric reduced to 15.49% as our surplus was impacted by reduced revenue grant and management income and increases in management, maintenance and depreciation costs. We forecast this metric to remain low for the next three years but plan to introduce efficiency measures to ensure that our target of > 20% is achieved in this timeframe.

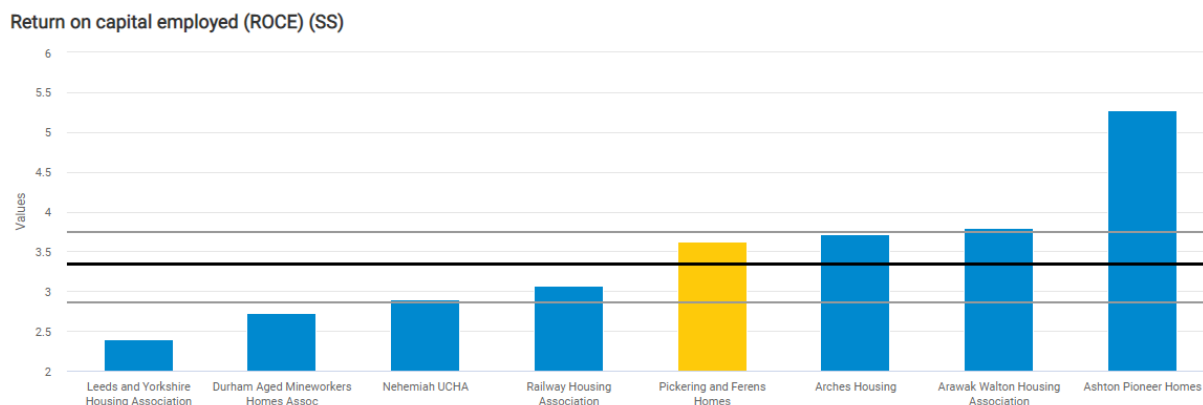
Housemark Benchmark results for 2021:



Return on Capital Employed

This metric also improved following the amalgamation with Mrs D L Richardson's Almshouse Charity during 2020-21. However, the lower surplus generated for 2021-22 means that this metric reduced from 3.62% in the previous year to 1.50% in the current year. Although we continue to invest in new properties, surpluses are expected to remain level over the next 3 years. We are forecasting incremental increases in this metric prior to the implementation of a new efficiency plan and have therefore set a target of 3% over the next 3 years, which moves the Charity closer to the benchmark average.

Housemark Benchmark results for 2021:



Pickering and Ferens Homes**REPORT OF THE TRUSTEE (continued)
for the year ended 31 March 2022****VALUE FOR MONEY (VFM) (continued)****2021-22 Performance Against Corporate Objectives and Local Value for Money Measures**

In addition to the Regulatory VFM metrics, we have identified some local VFM measures against each of our corporate objectives.

Corporate Ambition 1

To deliver quality services that represent value for money in the eyes of our customers

VfM Metric	Measure of:	2021-22 Target	2021-22 Actual	RAG Status	2022-23 Target	Notes
Overall satisfaction with PFH (STAR)	Efficiency	93.00%	91.00%	☹️	> 93%	We maintain a high satisfaction rating. The top quartile performance for our benchmarking group is 93.25%
% Residents satisfied that rent provides VfM (STAR)	Efficiency	85.00%	84.00%	☹️	> 85%	Result fell just under target but remains positive.
% Residents satisfied that service charge provides VfM (STAR)	Efficiency	81.00%	92.00%	😊	> 85%	Result exceeded target as we aim to deliver the services that resident want.
% Rent Loss through void properties	Efficiency	2.03%	1.89%	☹️	< 1.19%	Although we ended better than target, the result remains higher than the average experienced over recent years. We have put measures in place to ensure this indicator improves during the course of 2022-23
Average Re-let time (days)	Efficiency	< 31	55.8	☹️	< 26	Relet times exceeded our target for the year due to a number of reasons including: low take-up of retirement living apartments and delays in surveying and completing works to void properties. We have put measures in place to ensure this indicator improves during the course of 2022-23
% Rent Collected	Efficiency	100%	99.02%	😊	100%	Rent collection levels remain positive and fluctuate slightly due to timing of housing benefit payments
% Current Rent Arrears (Excl. amounts due from Housing benefit)	Efficiency	0.50%	0.48%	😊	< 0.5%	Our rent arrears levels continue to be amongst the best experienced in the housing sector

Pickering and Ferens Homes

REPORT OF THE TRUSTEE (continued) for the year ended 31 March 2022

VALUE FOR MONEY (VFM) (continued)

Corporate Ambition 2

To invest in our homes, so they remain well maintained and a safe place to live

VfM Metric	Measure of:	2021-22 Target	2021-22 Actual	RAG Status	2022-23 Target	Notes / Rationale
% Emergency Repairs attended in time	Efficiency	100%	97.4%	☹️	100%	Slightly below target for the year; we will continue to work with our contractors to ensure performance is improved during 2022-23
% Repairs completed in target	Efficiency	95%	99.3%	😊	99.5%	Good performance for the year, which plan to maintain during 2022-23
% Properties meeting the Decent Homes Standard	Effectiveness	100%	100%	😊	100%	Full compliance achieved
Full compliance with Landlord Health and Safety (Inc Gas Safety)	Effectiveness	100%	100%	😊	100%	Full compliance achieved
% properties with valid Electrical (EICR) certificate	Effectiveness	100%	100%	😊	100%	Full compliance achieved
% properties with a valid Fire Risk Assessments	Effectiveness	100%	100%	😊	100%	Full compliance achieved
% of properties with an Asbestos survey	Effectiveness	100%	100%	😊	100%	Full compliance achieved
% Tenant satisfaction with their homes (STAR)	Effectiveness	91%	91%	😊	>92%	Top quartile performance in our benchmarking group is 92.5%
% Tenant satisfaction with repairs & maintenance (ongoing)	Effectiveness	88%	88%	😊	>90%	We have introduced touch point satisfaction surveys to ensure that satisfaction levels improve during 2022-23. Top quartile performance in our benchmarking group is 97.3%



Corporate Ambition 3

To increase the sustainability and affordability of our homes - making them more energy efficient and reducing our carbon impact

VfM Metric	Measure of:	2021-22 Target	2021-22 Actual	RAG Status	2022-23 Target	Notes / Rationale
Average Energy Rating of All Stock	Efficiency	71.0	71.3	😊	72.0	Based on average SAP ratings
Number of Properties with a EPC rating lower than C	Efficiency	< 610	738.0	☹️	< 500	The actual result for the year was based on worse case assumptions prior to more invasive surveys being carried out to determine insulation levels in a number of properties. At April 2022 the actual result was 548 properties. We expect to improve this further during 2022-23
Average Energy Rating of New Stock	Efficiency	85.0	86.0	😊	86.0	The new properties we build are designed and developed to a high energy efficiency standard



Pickering and Ferens Homes**REPORT OF THE TRUSTEE (continued)
for the year ended 31 March 2022****VALUE FOR MONEY (VFM) (continued)****Corporate Ambition 4**

To grow, meeting local housing demand, by providing a supply of new homes for older people

VfM Metric	Measure of:	2021-22 Target	2021-22 Actual	RAG Status	2022-23 Target	Notes / Rationale
Number of new homes completed	Effectiveness	13	13		32	We completed the development of 13 new properties during the year and anticipate to complete a further 32 during 2022-23
% Resident Satisfaction with new build properties	Effectiveness	None	n/a		> 95%	A new survey is being developed to capture this information. It will be launched in September 2022 and will provide resident feedback on our latest new build scheme.

Corporate Ambition 5

To modernise and deliver services that offer our customers choice and recognise differing needs

VfM Metric	Measure of:	2021-22 Target	2021-22 Actual	RAG Status	2022-23 Target	Notes / Rationale
Satisfaction that PFH listens to residents' views and acts upon them (STAR)	Effectiveness	86%	83%		> 95%	Although we didn't meet our target in the year, top quartile performance for our benchmarking group is 83%. We are increasing engagement with our residents through a number of initiatives and seek to further improve satisfaction levels during 2022-23
% of residents accessing our digital platform	Effectiveness	None	<3%		> 10%	Having carried out some customer research earlier in the year, it is evident that our current digital platform doesn't provide the full functionality or interface that our customers would like. We are currently investing in a new Housing Management system that will significantly improve this. We will be engaging with customers during the design phase of the customer portal and hope to launch it during 2023

Pickering and Ferens Homes**REPORT OF THE TRUSTEE (continued)
for the year ended 31 March 2022****VALUE FOR MONEY (VFM) (continued)****Corporate Ambition 6**

To work with partners to deliver health and wellbeing outcome, particularly with regards to combatting loneliness and isolation, preventing hospital and residential care stays. Making a PFH home a 'home for life' wherever possible.

VfM Metric	Measure of:	2021-22 Target	2021-22 Actual	RAG Status	2022-23 Target	Notes / Rationale
% Tenancy Turnover	Effectiveness	10%	10.07%	☹️	< 6.84%	Currently trending to 10.39%. We are monitoring reasons for residents vacating properties and aim to improve this
Funding from external sources	Efficiency	£5,000	£3,000	☹️	£5,000	We had some success in applying for grants during the year. The amount received has been provided for the installation of IT Kiosks at our retirement living schemes. The Kiosks help promote the use of technology, offer benefits of online shopping, and provide social media contact for our elderly residents. We will continue to submit grant applications to enhance the delivery of social value initiatives during the course of 2022-23

Corporate Ambition 7

To be a well-managed organisation and to support our colleagues to have the skills and knowledge to deliver our ambitions

VfM Metric	Measure of:	2021-22 Target	2021-22 Actual	RAG Status	2022-23 Target	Notes / Rationale
Labour turnover	Effectiveness	10%	15%	☹️	< 17%	The sector (and wider market) is experiencing an increase in overall labour turnover, and this trend is reflected in our turnover rate for 2021-22. We have introduced a number of measures to manage the increase in staff turnover (e.g. training and development programmes, coaching and mentoring, improved staff engagement, flexible working arrangements and employee recognition awards); the target for 2022-23 has been adjusted upwards as we believe this trend may continue in the sector for a little longer.
Health and safety breaches	Effectiveness	None	0	☺️	None	Pleased to report that there were no breaches of health and safety.
Governance and viability regulatory rating	Effectiveness	G1 / V1	G1 / V1	☺️	G1 / V1	We continue to maintain top ratings for governance and viability
Working days lost to sickness (days)	Efficiency	7	13.11	☹️	< 9 days	The high sickness levels during 2021-22 were driven by a number of long term absences.

Pickering and Ferens Homes

REPORT OF THE TRUSTEE (continued) for the year ended 31 March 2022

VALUE FOR MONEY (VFM) (continued)

Other VFM headlines for 2021-22

Use local contractors where possible to contribute to local economy (Corporate Ambition 2)

In the previous year, 28% of the Charity's spend was with local contractors. During 2021-22 we placed 34.8% of our spend with local suppliers, equating to £1.81m (a re-investment in the local economy of £7.24m applying a 4-fold multiplier effect). During 2022-23 we will continue to look for opportunities to place more business with local suppliers.

Social value impact of reduced energy bills for customers and continued Feed in Tariff income for the Charity (Corporate Ambition 3)

The recent increase in the fuel price cap means that energy bills have gone up substantially in the last few months and will increase further during 2022-23. Through our partnership work with Auditel, we have largely fixed prices until the end of 2023 (and in some cases 2024). Whilst there will be some increases on several remaining landlord supplies, these will largely affect the Pop-Ins. We have been able to reassure residents at Quarterly Resident Meetings at our Retirement Living schemes that their energy service charges will remain fixed through the coming financial year and in some cases into the next. We will continue to work with Auditel to find best value in the current hardening energy market.

The Charity has photo voltaic (PV) panels installed at 5 retirement living schemes, 8 blocks of flats, 4 pop-ins and 50 bungalows. During the year we commissioned works to install remote meter reading devices at 39 locations where manual readings were taken. Although the installation costs were circa £21k, we will be saving over £2k per annum as staff are no longer required to take regular readings, we will also receive prompt payments throughout the year, estimated to be approximately £34k for 2022-23.

Lower headline social housing cost per unit VFM metric (Corporate Ambition 4)

During 2021-22 we delivered 13 new 2 bedroomed properties at our Eleanor Scott site. A further 32 units will be delivered during 2022-23. As these are added to the network, they will begin to reduce the headline social housing cost per unit metric.

Social value / local economic impact through use of local companies (Corporate Ambition 4)

Recent developments to the value of £6.5m have been undertaken by local firms, Hobson and Porter and Azza Construction. This is part of our commitment to using local firms and ensuring that the Charity plays its part in supporting the local economy.

Head Office review – (Corporate Ambition 7)

We continued to let surplus office space at our Head Office building to other organisations and derived income from this. The income, which amounted to circa £34k, supported the general running costs of the building. In addition, during the year the Board considered an option appraisal on future use of the office building and approved the recommendation from the senior leadership team to sell the building (see below: future plans).

Service Chargeable Areas: Responsive Calls Systems – (Corporate Ambition 1)

We are investing £725k in a new telecare system to replace dated devices designed for old analogue telecommunication networks. The replacement programme commenced during 2021-22 and will be completed during 2022-23. The upgrade provides a modern digital system to our properties and enables the delivery of extended services to residents, helping them to remain safe and independent in their homes. The new technology also opens up opportunities to deliver new services in partnership with other organisations.

Pickering and Ferens Homes

REPORT OF THE TRUSTEE (continued) for the year ended 31 March 2022

VALUE FOR MONEY (VFM) (continued)

Our Future Plans

We will be looking to make Value for Money efficiencies through the following projects during 2022-23:

Increased use of local contractors (Corporate Ambitions 2 and 4).

We currently place 34.8% of our business with local suppliers which (as reported above) has had an estimated impact of over £7m on the local economy. During the coming year, we will look to increase the percentage of our spend with local firms to 37.5%

Savings generated through fixing utility contract prices (Corporate Ambition 1)

The impact of increased energy prices will continue to be felt in all corners of society during 2022-23. By fixing our contracts, we estimate that we should generate around £110k of savings against the new variable price tariffs which will help keep our costs down. Furthermore, we will be able to offer some certainty and peace of mind to our residents in our Retirement Living Schemes next year as they are unlikely to see large increases in utility service charges.

Implementation of a new housing and finance management system (Corporate Ambition 5)

We aim to have delivered 70% of the new Civica housing and finance management system by the end of 2022-23. This will help us take large strides forward in being able to offer a slicker service to our residents and suppliers. Amongst many improvements, the new system offers the benefits of:

- Cloud based functionality
- Improved document management
- Integration with MS Office
- Ability to Link the customer relationship management system to our telecom system
- Enhanced customer and contractor portal functionality providing self-service tools, including appointment scheduling and document management
- Proactive monitoring of customer accounts
- Ability to automate many of our manual processes.

These improvements will drive efficiency gains over the two years post implementation; We expect to potentially reduce headcount by 2 during 2023-4, saving circa £65k per annum. A restructuring review is scheduled post implementation and will more accurately identify the longer-term staff resource requirements of the business.

Silvester House (Corporate Ambition 1)

Post pandemic our use of office space has changed. The move to hybrid working has generated VFM opportunities in many ways and enabled us to pursue a sale of our building and a move to a smaller leased Hub. This enables us to reduce our liabilities on our existing building and to free up capital to the amount of £775k to invest in up to 6 new homes and bolster services.

"More Than a Landlord" Initiative (Corporate Ambition 6)

A strategic planning roadmap was agreed at the May 2021 meeting. Work has culminated in "More than a landlord" (MTAL) research being completed and reported to the Board in December. We received many suggestions for how we can approach the building of services linked to the report's 6 key themes of:

- Physical and mental changes
- Life changes
- Health and wellbeing
- Environmental changes
- Digitalisation
- Socialisation

Within the 2022-23 budget proposal, a sum of £25k has been agreed to support the progression of MTAL projects, and in consultation with residents, we have identified and prioritised key areas of work. Each area is developing its own 'mini project' and timescale. During 2022-23 we will begin work on the following small numbers of areas, with other projects programmed in for future years:

- Integrated welcome service
- Integrated bereavement support service, in partnership with other agencies
- Activities programmes, in partnership with other agencies.
- Warmer homes offer, in partnership with other agencies.

VALUE FOR MONEY (VFM) (continued)

Social Value

The wide range of services provided by the Charity have an impact on two levels: the benefits to our customers and the benefits to society as a whole. These combined benefits are referred to as the social value of our work. This social value is created through:

- Our properties – we provide safe and secure homes for our residents, where they can gain stability in their later lives.
- Support and advice - the support and advice provided by our staff enhances the independence and quality of life for the people we support.
- Community activities - participation in training, education and volunteering improves the health and wellbeing of our residents.

Our aim is to create sufficient social value from the investment decisions that we make. Although the pandemic has impacted on the level of social value activities undertaken during 2021-22, we have delivered and continue to increase some of the activities that we offer our residents - these include:

- Art classes
- Gardening sessions
- Summer extravaganza at 3 sites
- Links with primary schools and the university
- IT sessions and provision of social kiosks at our schemes
- Let's-Talk sessions
- Age UK–Benefits and advice workshops
- Intergenerational events
- Flower arranging
- Development of existing sessions.

During 2022-23 we propose to commission the Housing Association Charitable Trust (HACT) to provide a more detailed review of the social value created by the activities that we offer, ensuring that we squeeze the maximum value from every pound we invest. This will enable us to make more informed and evidence-based investment decisions by measuring the outcomes that are important to our customers and other stakeholders.

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 £7,996,950 (2021: £7,808,731). 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 0.48% of income due (2021: 1.23%). Voids and bad debts represent 2.02% of income due (2021: 1.64%).

RESERVES

It is the Board of Directors 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. Total reserves at 31 March 2022 amounted to £34,798k (2021: £32,481k). Free reserves, i.e. unrestricted funds excluding tangible fixed assets net of grant and other commitments, were -£12,478k (2021: -£13,602k); £79,118k (2021: £74,708k) is represented by fixed assets and can only be realised by their disposal. The loan facilities are secured against the housing property fixed assets.

TREASURY MANAGEMENT

The Charity's treasury operations are managed by the finance team and are subject to policies approved by the Board of Directors, with delegated authorities supplemented by detailed procedures and bank mandates. The Charity's treasury activities are routinely reported to the Board of Directors 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 95.4% (2021: 85.3%) 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 the Board of Directors. As at 31 March 2022 the organisation employed 44 members of staff, of which 30 were full-time and 14 were part-time.

DIRECTOR AND OFFICER INDEMNITY INSURANCE

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

AUDITORS

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

DISCLOSURE OF INFORMATION TO AUDITORS

The Directors 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 Director 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 THE TRUSTEE'S RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Trustee is responsible for preparing the Report of the Trustee and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Legislation requires the Trustee to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Charity and of the income and expenditure of the Charity for that period. In preparing those financial statements the Trustee has delegated the preparation of the financial statements to the Business Services Director and 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 unless it is inappropriate to presume that the Charity will continue in operation.

The Trustee confirms that the financial statements comply with the above requirements. The Trustee is responsible for:

- keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Charity and to enable it 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 and the provisions of the trust deed;
- 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 and the financial information included on 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 (2020). The ways in which we seek to achieve good governance are outlined below. The Board of Directors formally adopted the NHF Code of Governance at a meeting of the Board of Directors held on 27 September 2021. The Charity has developed a succession plan to work towards full compliance with revised 6 year board member tenure terms. The Board has also reviewed compliance against the Regulator of Social Housing's Regulatory Standards and has 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 periodically.

The Board of Directors

The Charity is led by a Board of up to 12 Directors who have collective responsibility for all aspects of the Charity. There are three forms of Director on the Board: two nominees, appointed by Kingston upon Hull City Council; two co-opted Resident Directors appointed by the Directors of the Charity; and eight co-opted independent Directors 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 Board of Directors of the Charity. The Board meets on a minimum 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 Directors does not have capacity to deal with all details of the Charity's business and has therefore delegated several 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 engagement.

The Charity works with residents to enable them to deliver a task and finish approach to policy and service scrutiny. 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 group.

The minutes of committee meetings are forwarded to each ordinary meeting of the full Board of Directors 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 gather assurance and 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 Directors, whilst safeguarding the Charity's funds and assets. The work of the Executive Team in delivering the control framework is governed through the Board of Directors 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 Directors 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 Directors 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 Directors 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 Directors on a quarterly basis. The Board also reviews key performance and management information 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 2022 meeting, the Board of Directors carried out the annual assessment for the year ended 31 March 2022 by considering documentation from the Executive Team and internal audit and taking account of events since 31 March 2022.

Based on the advice of the Audit and Risk Committee and Chief Executive, the Board of Directors 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 TRUSTEE (continued) for the year ended 31 March 2022

Statement of Compliance

The Board of Directors 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 Directors 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 Directors on 25 July 2022, and signed on its behalf by



Kate Calvert
Chair
25 July 2022

Opinion

We have audited the financial statements of Pickering and Ferens Homes "the charity" for the year ended 31 March 2022 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 2022 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 Trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Trustee is responsible for the other information. 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 Trustee 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 the Trustee

As explained more fully in the Statement of the Trustee's Responsibilities in respect of the financial statements set out on page 19, the Trustee is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustee is responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee either intends to liquidate the charity or to cease operations, or has 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 Board and reviewed correspondence and trustee meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the Board has in place, where necessary, to ensure compliance.
- We gained an understanding of the controls that the Board has in place to prevent and detect fraud. We enquired of the Board 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 Trustee 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 Board 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 Trustee, 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 Trustee 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 Trustee 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 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: 29 September 2022

Pickering and Ferens Homes**STATEMENT OF COMPREHENSIVE INCOME**
for the year ended 31 March 2022

	Notes	2022 £	2021 £
TURNOVER	3	8,304,397	9,528,269
Operating expenditure	3	(7,017,962)	(6,410,388)
OPERATING SURPLUS	3	1,286,435	3,117,881
Movement in fair value of investments	15	67,976	124,513
Income from investments	6	46,023	35,733
Interest payable and similar charges	7	(477,327)	(388,611)
SURPLUS BEFORE TAXATION	8	923,107	2,889,516
Taxation	11	-	-
SURPLUS FOR THE YEAR		923,107	2,889,516
OTHER COMPREHENSIVE INCOME			
Actuarial gain / (loss) in respect of pension scheme	24	1,393,000	(1,229,000)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		2,316,107	1,660,516

The financial statements on pages 26 to 46 were approved and authorised for issue by the Board on 25 July 2022 and were signed on its behalf by:



Kate Calvert
Chair



Andy Gladwin
Director



Claire Warren
Secretary

The notes on pages 30 to 46 form part of these financial statements.

Pickering and Ferens Homes
STATEMENT OF FINANCIAL POSITION
31 March 2022

	Notes	2022 £	2021 £
FIXED ASSETS			
Housing properties	12	78,234,716	73,887,392
Other fixed assets	13	883,412	820,734
		<u>79,118,128</u>	<u>74,708,126</u>
CURRENT ASSETS			
Debtors	14	330,581	1,274,830
Investments	15	1,540,867	1,448,290
Cash and cash equivalents	16	<u>6,749,477</u>	<u>11,053,761</u>
		8,620,925	13,776,881
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	17	<u>(2,150,538)</u>	<u>(2,359,843)</u>
NET CURRENT ASSETS		<u>6,470,387</u>	<u>11,417,038</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		85,588,515	86,125,164
CREDITORS: amounts falling due after more than one year	18	(50,727,950)	(52,376,706)
NET ASSETS EXCLUDING PENSION LIABILITY		<u>34,860,565</u>	<u>33,748,458</u>
Defined benefit pension scheme liability	24	<u>(63,000)</u>	<u>(1,267,000)</u>
TOTAL NET ASSETS		<u><u>34,797,565</u></u>	<u><u>32,481,458</u></u>
RESERVES			
Income and expenditure reserve	20	<u><u>34,797,565</u></u>	<u><u>32,481,458</u></u>

The financial statements on pages 26 to 46 were approved and authorised for issue by the Board on 25 July 2022 and were signed on its behalf by:



Kate Calvert
Chair



Andy Gladwin
Director



Claire Warren
Secretary

Pickering and Ferens Homes**STATEMENT OF CHANGES IN RESERVES**
for the year ended 31 March 2022

£

Balance as at 1 April 2020	30,820,942
Surplus for the year after tax	2,889,516
Actuarial loss in respect of pension scheme	(1,229,000)
Balance at 31 March 2021	<hr/> 32,481,458
Surplus for the year after tax	923,107
Actuarial gain in respect of pension scheme	1,393,000
Balance at 31 March 2022	<hr/> <hr/> 34,797,565

The notes on pages 30 to 46 form part of these financial statements.

Pickering and Ferens Homes
STATEMENT OF CASHFLOWS
for the year ended 31 March 2022

	<i>Notes</i>	<i>2022</i> £	<i>2021</i> £
NET CASH GENERATED FROM OPERATING ACTIVITIES	25	2,738,610	3,551,475
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition and investment in housing properties		(5,055,568)	(3,905,543)
Purchase of other tangible fixed assets		(285,125)	(34,049)
Grants received		975,000	75,000
Interest received		43,802	123,664
Transfers to current asset investments		(366)	(238,091)
Cash inflow on acquisition of Trust		-	28,808
NET CASH USED IN INVESTING ACTIVITIES		<u>(4,322,257)</u>	<u>(3,950,211)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Interest paid		(538,955)	(433,171)
New secured loans		-	7,129,530
Repayment of borrowings		(2,181,682)	(936,900)
NET CASH (USED IN) / GENERATED FROM FINANCING ACTIVITIES		<u>(2,720,637)</u>	<u>5,759,459</u>
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		<u>(4,304,284)</u>	<u>5,360,723</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		<u>11,053,761</u>	<u>5,693,038</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		<u><u>6,749,477</u></u>	<u><u>11,053,761</u></u>
CASH AND CASH EQUIVALENTS COMPRISE:			
Cash at bank and in hand		2,655,376	5,466,348
Short term deposits		4,094,101	5,587,413
		<u><u>6,749,477</u></u>	<u><u>11,053,761</u></u>

1. LEGAL STATUS

Pickering and Ferens Homes (the Charity) 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 Directors 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 Trustee. 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 £47.2m (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 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 Directors 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 11 March 2022 the Charity Commission confirmed that the Charity is no longer 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.

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	7-10 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 and The Housing Finance Corporation facilities. 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 31. 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 24.

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.

3. TURNOVER, OPERATING EXPENDITURE AND OPERATING SURPLUS

	Turnover £	Operating Expenditure £	Operating Surplus £
31 March 2022			
Social housing lettings (Note 4)	8,231,316	(7,017,962)	1,213,354
Other social housing activities			
Management charges and other income	73,081	-	73,081
	<u>8,304,397</u>	<u>(7,017,962)</u>	<u>1,286,435</u>
31 March 2021			
Social housing lettings (Note 4)	8,080,555	(6,410,388)	1,670,167
Other social housing activities			
Gifted assets	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>

4. TURNOVER AND OPERATING EXPENDITURE FROM SOCIAL HOUSING LETTINGS

	2022 £		2021 £	
Income	General needs housing	Housing for older people	Total	Total
Rent receivable net of identifiable service charges and net of voids	5,867,057	768,263	6,635,320	6,461,868
Service charge income	616,657	592,338	1,208,995	1,213,107
	6,483,714	1,360,601	7,844,315	7,674,975
Amortised government grants	297,283	62,471	359,754	373,419
Other grants	19,022	8,225	27,247	32,161
Turnover from Social Housing Lettings	6,800,019	1,431,297	8,231,316	8,080,555
Operating Expenditure				
Management	2,123,522	337,712	2,461,234	2,200,530
Service charge costs	611,855	634,615	1,246,470	1,104,814
Routine maintenance	724,312	118,185	842,497	707,697
Planned maintenance	316,490	66,636	383,126	308,496
Major repairs expenditure	375,544	59,362	434,906	674,264
Bad debts	11,044	(2,085)	8,959	(5,836)
Internal support grants and related costs	380	-	380	680
Depreciation of housing properties	1,205,033	153,274	1,358,307	1,289,326
Other costs	243,326	38,757	282,083	130,417
Operating expenditure on social housing lettings	5,611,506	1,406,456	7,017,962	6,410,388
Operating Surplus on Social Housing Lettings	1,188,513	24,841	1,213,354	1,670,167

Total rent receivable net of identifiable service charges includes void loss of £152,635 (2021: £133,756). This amount is rent lost through dwellings being vacant.

Pickering and Ferens Homes**NOTES TO THE FINANCIAL STATEMENTS (continued)**
for the year ended 31 March 2022**5. ACCOMMODATION IN MANAGEMENT**

	2022	2021
	No.	No.
Number of units - general needs and housing for older people let at social rent levels		
Housing accommodation	1,392	1,379
Total units in management	1,392	1,379

There were 37 units in development at 31 March 2022 (2021: 42). During the year there were 13 additions.

6. INCOME FROM INVESTMENTS

	2022	2021
	£	£
Interest on bank deposits	13,108	16,499
Income from listed investments	32,915	19,234
	46,023	35,733

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2022	2021
	£	£
On bank loans repayable wholly or partly after more than five years	430,757	369,058
Defined benefit pension charge	27,000	-
Amortisation of issue costs of bank loan	19,570	19,553
	477,327	388,611

The Charity has £536,471 (2021: £536,105) 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

	2022	2021
	£	£
Surplus before taxation is stated after charging / (crediting):		
Depreciation of tangible fixed assets		
- housing properties	1,358,307	1,289,325
- other	222,447	72,007
Auditors remuneration (excluding VAT):		
- statutory audit	16,500	16,500
- internal audit	9,480	10,270
Operating lease rentals (note 22)	3,942	2,572
Amortisation of governments grants	(359,754)	(373,419)

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:

	2022 No.	2021 No.
Resident and customer services	14	14
Corporate and business services	11	10
Property services	7	7
Scheme Managers and Cleaners	6	6
	<u>38</u>	<u>37</u>

	2022 £	2021 £
Staff costs (for the above persons) were:		
Wages and salaries	1,259,975	1,186,142
Social security costs	128,645	116,336
Other pension costs and current service cost (note 24)	277,626	194,351
Defined contribution pension cost	60,150	47,406
	<u>1,726,396</u>	<u>1,544,235</u>

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

	2022 No.	2021 No.
£60,001 to £70,000	-	-
£70,001 to £80,000	-	-
£80,001 to £90,000	1	2
£90,001 to £100,000	1	1
£100,001 to £110,000	-	-
£110,001 to £120,000	1	1

10. KEY MANAGEMENT PERSONNEL REMUNERATION

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

Emoluments of the Executive Officers (including the Chief Executive)	2022 £	2021 £
Emoluments	338,094	328,962
Social security costs	41,552	40,417
Pension contributions	52,305	55,186
	<u>431,951</u>	<u>424,565</u>

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

	2022 £	2021 £
Emoluments	99,590	98,598
Social security costs	12,504	12,377
Pension contributions	18,850	18,663
	<u>130,944</u>	<u>129,638</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. Board members serve on a voluntary basis, and receive no emoluments in their capacity as board members of the corporate trustee company.

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 2021	88,061,503	1,798,247	89,859,750
Additions - construction costs	-	4,803,886	4,803,886
Additions - replacement components	901,743	-	901,743
Schemes completed	2,091,684	(2,091,684)	-
Disposals (including replaced components)	(284,497)	-	(284,497)
At 31 March 2022	90,770,433	4,510,449	95,280,882
Depreciation and impairment:			
At 1 April 2021	15,972,356	-	15,972,356
Charge in the year	1,358,307	-	1,358,307
Released on disposal	(284,497)	-	(284,497)
At 31 March 2022	17,046,166	-	17,046,166
Carrying amount:			
At 31 March 2022	73,724,267	4,510,449	78,234,716
At 31 March 2021	72,089,147	1,798,247	73,887,394

The carrying amount of housing properties charged as security is £23,534,953 (2021: £33,390,823)

13. TANGIBLE FIXED ASSETS - OTHER

	<i>Freehold Office</i> £	<i>Furniture fixtures and fittings</i> £	<i>Total</i> £
Cost:			
At 1 April 2021	1,006,744	633,493	1,640,237
Additions	-	285,125	285,125
At 31 March 2022	1,006,744	918,618	1,925,362
Depreciation and impairment:			
At 1 April 2021	412,475	407,028	819,503
Charge in the year	21,337	201,110	222,447
At 31 March 2022	433,812	608,138	1,041,950
Carrying amount:			
At 31 March 2022	572,932	310,480	883,412
At 31 March 2021	594,269	226,465	820,734

Pickering and Ferens Homes**NOTES TO THE FINANCIAL STATEMENTS (continued)**
for the year ended 31 March 2022

14. DEBTORS	2022	2021
	£	£
Rent arrears	38,255	95,673
Less: provision for bad debts	(5,116)	(2,108)
Net arrears	33,139	93,565
Social housing grant receivable	-	975,000
Other debtors	179,827	75,035
Prepayments and accrued income	117,615	131,230
	<u>330,581</u>	<u>1,274,830</u>

15. INVESTMENTS	Listed investments	Unlisted investments	Total
	£	£	£
Cost or valuation			
At 1 April 2021	912,185	536,105	1,448,290
Additions	24,235	366	24,601
Change in fair value	67,976	-	67,976
At 31 March 2022	<u>1,004,396</u>	<u>536,471</u>	<u>1,540,867</u>
	£		
Listed investments at cost - 31 March 2022	<u>487,205</u>		
Listed investments at cost - 31 March 2021	<u>462,970</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	2022	2021
	£	£
Cash at bank and in hand	2,655,376	5,466,348
Short term deposits	4,094,101	5,587,413
	<u>6,749,477</u>	<u>11,053,761</u>

17. CREDITORS: amounts falling due within one year	2022	2021
	£	£
Loans (Note 18a)	572,432	1,069,992
Deferred capital grant (Note 18b)	375,792	380,434
Social housing grant received in advance	-	207,882
Rents and service charges received in advance	49,071	88,360
Accruals and deferred income	67,065	66,001
Trade creditors	927,999	438,216
Other creditors	158,179	108,958
	<u>2,150,538</u>	<u>2,359,843</u>

Pickering and Ferens Homes
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2022

18. CREDITORS: amounts falling after more than one year	2022 £	2021 £
Loans (Note 18a)	17,550,971	19,323,761
Deferred capital grant (Note 18b)	32,827,952	32,975,182
Other long-term creditors	349,027	77,763
	<u>50,727,950</u>	<u>52,376,706</u>

18(a). BORROWINGS	2022 £	2021 £
Loans > 1 year	<u>17,550,971</u>	<u>19,323,761</u>
	<u>17,550,971</u>	<u>19,323,761</u>
Loans	17,732,120	19,524,122
Loan issue costs	(181,149)	(200,361)
	<u>17,550,971</u>	<u>19,323,761</u>

All loans are secured by specific charges on the Charity's housing land and buildings. During the year the Charity repaid its RBS loan which amounted to £1.7m. The following interest rates have applied to all other 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 2022</i>
Nationwide	Variable	0.50%-0.93%	Dec 2023	Dec 2023	4.59%
AHF plc	Fixed	2.89%	Aug 2043	Aug 2043	57.04%
THFC Ltd	Fixed	5.2%	Oct 2043	Oct 2043	38.16%
Orchardbrook	Fixed	12.25% / 15.25%	Jul 2044 / Mar 2031	Jul 2044 / Mar 2031	0.21%

		2022 £	2021 £
Bank loans due:	Within 1 year	<u>572,432</u>	<u>1,069,992</u>
	Between 1-2 years	465,709	1,172,449
	Between 2-5 years	331,139	1,283,642
	After 5 years	<u>16,754,123</u>	<u>16,867,670</u>
		<u>17,550,971</u>	<u>19,323,761</u>
	Total	<u>18,123,403</u>	<u>20,393,753</u>

18(b). DEFERRED CAPITAL GRANT	2022 £	2021 £
At 1 April	33,355,616	32,227,162
Grant received in the year	207,882	1,102,316
Grant received on acquisition	-	399,556
Capital grant released	(359,754)	(373,418)
At 31 March	<u>33,203,744</u>	<u>33,355,616</u>
Amount due to be released < 1 year	375,792	380,434
Amount due to be released > 1 year	<u>32,827,952</u>	<u>32,975,182</u>
	<u>33,203,744</u>	<u>33,355,616</u>

19. FINANCIAL INSTRUMENTS

The carrying amount of the Charity's financial instruments at 31 March were:	2022 £	2021 £
<i>Instruments measured at fair value</i>		
Investments	1,540,867	1,448,290
Total	<u>1,540,867</u>	<u>1,448,290</u>

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 2021	127,324	(1,267,000)	23,035,584	476,206	10,109,344	32,481,458
Surplus from Statement of Comprehensive Income	-	-	2,316,107	-	-	2,316,107
Transfer from / (to) general reserves	67,976	1,204,000	(453,944)	(383,126)	(434,906)	-
Transfer from general reserves	-	-	(1,200,000)	300,000	900,000	-
At 31 March 2022	<u>195,300</u>	<u>(63,000)</u>	<u>23,697,747</u>	<u>393,080</u>	<u>10,574,438</u>	<u>34,797,565</u>

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 (2021: £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.

21. CAPITAL COMMITMENTS

	2022 £	2021 £
Capital expenditure contracted but not provided for in the financial statements	1,361,551	4,731,596
Capital expenditure approved by the Board of Trustees but not contracted at the year end	-	1,100,000
	<u>1,361,551</u>	<u>5,831,596</u>

The above commitments will be funded from:

Committed loan facilities	505,504	4,717,870
Capital grants	620,886	594,750
Cash reserves	<u>235,161</u>	<u>518,976</u>
	<u>1,361,551</u>	<u>5,831,596</u>

22. OPERATING LEASE COMMITMENTS

	2022 £	2021 £
The total future minimum lease payments under non-cancellable operating leases are as follows:		
	Office equipment	
Amounts due:		
Not later than one year	3,222	3,942
Later than one year and not later than five years	9,667	12,889
Later than five years	-	-
	<u>12,889</u>	<u>16,831</u>

23. GRANT AND FINANCIAL ASSISTANCE

	<i>Social Housing grants</i> £	<i>Other grants</i> £	2022 £	2021 £
Total accumulated government grant and financial assistance received or receivable at 31 March:	39,365,354	915,000	40,280,354	40,072,472
Recognised as income in Statement of Comprehensive Income	(7,076,610)	-	(7,076,610)	(6,716,856)
Held as deferred capital grant	<u>32,288,744</u>	<u>915,000</u>	<u>33,203,744</u>	<u>33,355,616</u>

24. 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 the defined contribution scheme was £60,150 (2021: £47,406). Included in the figure above are accrued contributions of £829 (2021: £809)

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 £161,442 (2021: £168,382) of which employers' contributions totalled £116,387 (2021: £121,208) and employee contributions totalled £45,055 (2021: £47,174).

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the Fund at 31 March 2019 updated to 31 March 2022 by a qualified independent actuary.

The financial assumptions used are as follows:

	<i>At</i> 31 March 2022 % per annum	<i>At</i> 31 March 2021 % per annum
Future pension increases	3.2%	2.9%
Inflation assumption (CPI)	3.2%	2.9%
Expected rate of increase in salaries	4.1%	3.8%
Expected return on scheme assets	2.7%	2.0%
Discount rate	2.7%	2.0%

* The salary increase assumption has been set to be consistent with the most recent formal valuation. As at 31 March 2022, 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) 2021 model, which assumes that the current rate of longevity improvements has reached a peak and will converge to a long term rate of 1.5% p.a., with improvements declining for the over 90's. The average future life expectancies at retirement age are shown below:

	31 March 2022	31 March 2021
Current pensioners - Male	20.8 years	21.0 years
Future pensioners - Male	22.0 years	22.2 years
Current pensioners - Female	23.5 years	23.7 years
Future pensioners - Female	25.3 years	25.5 years

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2022

24. 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

	2022 £'000	2021 £'000
Current service cost	(278)	(193)
Net interest on the net defined benefit pension liability	(27)	-
	<u>(305)</u>	<u>(193)</u>

Amounts recognised in Other Comprehensive Income

Actuarial (loss) / gain	<u>1,393</u>	<u>(1,229)</u>
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Actual return on scheme assets was (£771,000) (2021: £1,259,000).

At the year-end there were no outstanding contributions (2021: £9,479).

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:

	2022 £'000	2021 £'000
Present value of defined benefit obligations	(9,394)	(9,814)
Fair value of scheme assets	9,331	8,547
	<u>(63)</u>	<u>(1,267)</u>

Movement in liability during the year

	2022 £'000	2021 £'000
Liability in scheme at 1 April	(1,267)	34
Service costs	(278)	(193)
Employer contributions	116	121
Net return on assets	(27)	-
Remeasurements	1,393	(1,229)
Liability in scheme at 31 March	<u>(63)</u>	<u>(1,267)</u>

Changes in scheme assets and obligations

	2022 £'000	2021 £'000
Changes in the present value of the defined benefit obligation:		
Defined benefit obligation at 1 April	9,814	7,235
Service costs	278	193
Interest cost	198	167
Employee contributions	45	47
Remeasurements	(793)	2,321
Benefits paid	(148)	(149)
Defined benefit obligation at 31 March	<u>9,394</u>	<u>9,814</u>

24. RETIREMENT BENEFITS (continued)

	2022 £'000	2021 £'000
Changes in the fair value of scheme assets:		
Assets at 1 April	8,547	7,269
Return on scheme assets	171	167
Remeasurements	600	1,092
Employer contributions	116	121
Employee contributions	45	47
Benefits paid	(148)	(149)
Scheme assets at 31 March	<u>9,331</u>	<u>8,547</u>

It is estimated that the employer's contributions for the year to 31 March 2023 will be approximately £116,000.

The Charity's share of the scheme assets were:

	2022 £'000	2021 £'000
Equity instruments	6,812	5,726
Debt instruments	1,586	1,538
Property	840	1,026
Other assets	93	256
Total market value of assets	<u>9,331</u>	<u>8,547</u>

25. NET CASH GENERATED FROM OPERATING ACTIVITIES

	2022 £	2021 £
Surplus for the year	923,107	2,889,516
Adjustments for:		
Depreciation	1,580,757	1,361,332
Amortisation of government grants	(359,754)	(373,418)
Defined benefit pension schemes	189,000	72,000
Interest received	(46,023)	(35,733)
Interest payable	477,327	369,058
Amortisation of discounted interest on loan issue costs	107,864	61,070
Operating cash flows before movements in working capital	<u>2,872,278</u>	<u>4,343,825</u>
Decrease / (increase) in debtors	249,610	(312,716)
Decrease in creditors	(383,278)	(479,634)
Cash generated from operations	<u>2,738,610</u>	<u>3,551,475</u>

26. ANALYSIS OF CHANGES IN NET DEBT

	At 1 April 2021 £	Cashflow £	Other changes £	At 31 March 2022 £
Cash at bank and in hand	5,466,348	(2,810,606)	(366)	2,655,376
Bank and other loans	(20,613,668)	2,181,682	107,864	(18,324,122)
Refinance costs	219,915	375	(19,570)	200,720
Short-term deposits	5,587,413	(1,493,312)	-	4,094,101
Current Asset Investments	536,105	-	366	536,471
	<u>(8,803,887)</u>	<u>(2,121,861)</u>	<u>88,294</u>	<u>(10,837,454)</u>

27. RELATED PARTY TRANSACTIONS

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

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

Transactions and balances outstanding at 31 March are as follows:	2022	2021
	£	£
Rent and service charges during the year	11,223	11,065
Balances owed to the Charity at 31 March	-	-
Balances owed to residents at 31 March	-	-

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

No one party / person has over-all control.