

REALL LIMITED

England & Wales · Charity number 1017255

Details

Other names	HOMELESS INTERNATIONAL, REALL
Status	Registered
Legal form	Charitable company
Company number	02713841
Registered	1993-02-10
Register	View on the Charity Commission register

Contact

Address	6th Floor Friars House Manor House Drive Coventry
Phone	02475093340
Email	info@reall.net
Website	www.reall.net

Activities

Objects: THE RELIEF OF POVERTY IN PARTICULAR THAT CAUSED BY HOMELESSNESS INTERNATIONALLY.

Activities: We support the development of self-sustaining local organisations in Africa and Asia that work with urban poor communities to help realise their right to land, housing and basic services. We provide a range of grants, loans and other support that these organisations need to deliver land, housing and basic services at increased scale and in new ways.

Classification

- **How:** Makes Grants To Organisations, Provides Other Finance, Provides Advocacy/advice/information
- **What:** The Prevention Or Relief Of Poverty, Overseas Aid/famine Relief, Accommodation/housing, Economic/community Development/employment
- **Who:** Other Defined Groups

Geography

- **Area of benefit:** INTERNATIONAL.
- Angola
- Burkina Faso
- Ghana
- India
- Kenya
- Malawi
- Mozambique
- Nepal
- Nigeria
- Pakistan
- Philippines
- South Africa
- Sri Lanka
- Tanzania
- Uganda
- Zambia
- Zimbabwe
- Coventry City

Finances

Period end	Income	Expenditure	Assets	Employees
2024-09-30	£147,134	£3,702,264	-	-
2023-09-30	£5,445,694	£12,687,252	£20,563,567	42
2022-03-31	£3,743,911	£10,919,035	£28,012,683	0
2021-03-31	£7,844,948	£8,996,148	£34,661,307	40
2020-03-31	£9,449,053	£6,921,682	£36,398,507	32

Trustees

Name	Role	Appointed
Vivienne Yeda	Chair	2024-09-23
Dhaval Rameshchandra Monani		2022-12-06
Diana Mitlin		2019-03-12
Dr Friedemann Roy		2024-01-12
Hakeem Dele Ogunniran		2022-09-20
Kathleen Guis		2024-09-22
Ranil De Silva		2023-11-15
STEVEN GEOFFREY TROOP		2014-10-27
Sarah Smith		2020-09-20
Victoria Jardine		2023-11-15

REALL LIMITED

England & Wales - Charity number 1017255

Accounts



ANNUAL REPORT 2023-2024

for the 12 month period ended 30 September 2024

Real

A HOME
FOR
HUMAN
POTENTIAL

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CHARITY AND COMPANY INFORMATION

Name of Charity	Reall Limited
Charity Registration Number England & Wales	1017255
Company Registration Number	2713841
Chief Executive	Ian Shapiro
Registered Office & Principal Address of the Charity	6th Floor, Friars House Manor House Drive Coventry CV1 2TE UK
Auditors	Crowe U.K. LLP 4th Floor, St James House St James Square Cheltenham GL50 3PR
Solicitors	Dentons 1 Fleet Place Moorgate London EC4M 7RA Devonshires Solicitors 30 Finsbury Circus Finsbury London EC2M 7DT
Bankers	The Royal Bank of Scotland plc 144 New Street Birmingham B2 4NY



CHAIR'S REPORT

for the 12 month period
ended 30 September 2024

WELCOME



STEVE TROOP
CHAIR (INTERIM)

OUR ANNUAL REPORT AND FINANCIAL STATEMENTS

On behalf of the Board of Trustees, I am pleased to present the annual Trustees' Report and financial statements of Reall for the 12-month period ended 30 September 2024.

At Reall, our mission is to improve the lives of under-served households in urban Africa and Asia by building and increasing access to green, resilient, affordable homes. The importance of this mission cannot be overstated: 70% of buildings that will exist in Africa and Asia in 2050 have not yet been built. There will be 2.5 billion more people in Africa and Asia's cities within a generation. Housing shortages are most acute in emerging markets, and these are also the regions most vulnerable to climate change.

2.5
BILLION MORE PEOPLE WILL
LIVE IN AFRICAN AND
ASIAN CITIES BY 2050

OVER
70% OF THE BUILDINGS
REQUIRED HAVE
NOT BEEN BUILT

Investment in climate-smart affordable housing delivers across the range of sustainable development goals:

IMPACT ON PEOPLE



Quality homes with essential services, improved security through safer homes and legal rights provide transformational benefits, especially for women, children and marginalised groups. Green homes also contribute to cleaner air and more sustainable communities.

IMPACT ON PROSPERITY



Activity in construction and supply chains delivers improved job markets, upskilled workforces and stronger city ecosystems. Redirecting significant financial flows towards creating a new green asset class that has mass market benefits.

IMPACT ON PLANET



Resilient homes and cities through adaptive design and construction, mitigating housing's contribution to climate change through normalising low carbon design and construction. Delivering commercially viable approaches to climate mitigation and adaptation in emerging markets.

Reall is making this possible through demonstrations, evidence and advocacy to increase market confidence. Scaled market delivery is anticipated through adoption and adaptation of Reall's models by others.

Reall continues to operate within a challenging and dynamic environment, focussing on strategic growth, navigating market volatility and addressing challenges in the affordable housing sector. The Board are reassured about the organisation’s trajectory and the on-going drive to diversify funding remains key.

We have solidified our reputation as a leader in the affordable housing sector, thanks to our innovative models and robust partnerships. Our ability to adapt to changing market dynamics and external pressures, such as inflation and political instability, has reinforced our resilience and capacity to deliver impactful solutions.

Together with our partners, we continue to deliver innovative solutions to local demand for affordable housing. This year saw the completion of the Bassinko project in Burkina Faso, which has delivered 154 units in total; The Affordable Housing Company (TAHC) in Nigeria successfully completed phases 1 and 2 of the Palmsville Estate project, delivering 68 2 and 3-bedroomed units; whilst Ansar Management Company turned a profit for the first time, demonstrating the potential even within financially turbulent environments.

OUR PRIORITIES

Within a fast-evolving funding landscape, we are prioritising five areas:

- 1 Establishing a diversified funding strategy
- 2 Enhancing operational efficiency
- 3 Promoting thought leadership
- 4 Developing systems and people for effectiveness
- 5 Maintaining open communication



PALMSVILLE ESTATE, NIGERIA

UNITS BUILT
68

COMPLETED IN
2024

We recognise the significance of solid governance structures that support the organisation’s goals of serving people on low incomes. A strategic and disciplined approach to investments will ensure that we can balance mission-driven initiatives with viable commercial opportunities, allowing us to maximise our impact.

To remain fit for the future we must retain and recruit the right talent, including adapting to changing workplace dynamics. Regular colleague surveys give us confidence in a positive, engaged and energized culture.

We look forward to a future defined by strategic growth, collaboration, and a relentless pursuit of our vision for affordable, sustainable housing solutions for all.



Steve Troop
Chair (interim)



REPORT OF THE TRUSTEES

for the 12 month period ended 30 September 2024

INTRODUCTION

OUR VISION

HOUSING MARKETS
THAT WORK FOR ALL

PEOPLE



PROSPERITY



PLANET



OUR MISSION

IMPROVE THE LIVES
OF UNDER-SERVED
HOUSEHOLDS IN
AFRICAN AND ASIAN
CITIES BY BUILDING AND
INCREASING ACCESS
TO GREEN, RESILIENT,
AFFORDABLE HOMES

OUR CORE VALUES

C
A
R
E

CURIOSITY

ACCOUNTABILITY

RESPECT

ENTERPRISING

We present Reall's annual Trustees' Report and Financial Statements for the 12 months ending 30 September 2024, meeting the Directors' Report and Accounts requirements.

As we reflect on Reall's financial health and operational successes, the organisation held over £1.3 million in cash reserves at the year end. Strong portfolio management, including debt recovery and foreign exchange tracking has continued. There has been positive progress on debt repayments from across our portfolio with funds repatriated or anticipated in the coming months. Effective cost controls and cashflow management are in place, ensuring activity is proportionate to available funds.

We continue to actively pursue fresh fundraising streams to complement existing portfolio management across three key areas:

1 Global Advisory Services

2 Our Green Affordable Housing Finance programme

3 Strategic development through our subsidiary, Green City Homes International



FIGURE 1: NEW YORK CLIMATE WEEK



FIGURE 2: COP28

ADVOCACY AND ENGAGEMENT

Reall's engagements and proactive initiatives aim to enhance our influence in global housing and climate discussions, fostering partnerships and securing funding that aligns with the sustainable development goals.

Reall has been actively collaborating with Cities Alliance, UN HABITAT, Global ABC and other international, regional and national bodies to advance affordable housing in our key markets. Reall participated in the African Union for Housing Finance (AUHF) conference, where our 30-year history was highlighted in relation to gender, climate, and finance.



FIGURE 3: OUR PARTNER AMC SHOWCASE AT BUILDINGS AND CLIMATE GLOBAL FORUM IN PARIS FROM OUR DIRECTOR OF PROGRAMME AND BUSINESS DEVELOPMENT, MEWAHIB MOHAMED

During New York Climate Week, Reall co-hosted a roundtable focused on affordable housing as an investment in climate resilience, receiving support from notable organisations including the UN High-Level Climate Champions. At COP28, Reall participated in several panels, emphasising our support for initiatives like Roof Over Our Heads (ROOH) and highlighting the role of finance in achieving a net-zero built environment.



FIGURE 4: OUR DIRECTOR OF PROGRAMME AND BUSINESS DEVELOPMENT, MEWAHIB MOHAMED, PART OF PANEL SESSION AT BUILDINGS AND CLIMATE GLOBAL FORUM

We positioned ourselves as a key partner in housing data and market understanding through our participation in the UN-Habitat Expert Group Meeting in Nairobi. We also presented at a workshop in Switzerland on affordable housing construction methods, enhancing our engagement with Swiss funding sources. Additionally, Reall participated in the inaugural Buildings and Climate Global Forum in Paris, influencing discussions around commitments to the Building Breakthrough agenda and reinforcing our credibility within the housing finance space.

PROGRAMME AND BUSINESS DEVELOPMENT

The fundraising context remains competitive. Nevertheless, we have enjoyed some important successes. The Happold Foundation has supported Reall's green building initiatives as well as preliminary work around our Green Affordable Housing Finance pilot (GAHF). This funding is expected to bolster efforts in critical areas, including EDGE certification, GHG benchmarking, double mainstreaming of climate and gender, and enhancing collaborative research and thought leadership in the green affordable housing space. Such endorsements reflect Reall's alignment with broader sustainability goals and our dedication to advancing green initiatives.



FIGURE 5: EDGE BUILDINGS EXPERT TRAINING, DELIVERED BY THE KENYA GREEN BUILDING SOCIETY (KGBS) IN COLLABORATION WITH THE HAPPOLD FOUNDATION AND REALL

We were successful in securing an Accelerated Knowledge Transfer (AKT) with Warwick University, funded by the UK Government under the Innovate UK programme, to enhance our gender expertise and align Reall's future projects with gender-focused funds. Reall is committed to pursuing a robust pipeline of funding opportunities. The rollout of the new Customer Relationship Management (CRM) software is set to enhance fundraising efforts through improved contact management and grant tracking.

Overall, while challenges remain, Reall's proactive approach, recent successes, and renewed emphasis on collaboration and strategic alignment reflect a positive outlook.



FIGURE 6: IN PARTNERSHIP WITH THE KENYA GREEN BUILDING SOCIETY (KGBS), REALL SUPPORTED EDGE EXPERT TRAINING FOR 20 LOCAL AND NATIONAL GOVERNMENT REPRESENTATIVES

GREEN AFFORDABLE HOUSING FINANCE (GAHF)

GAHF is an innovative, robust and self-sustaining mass-market housing finance ecosystem solution. GAHF unlocks finance for the construction of green affordable homes for people on lower incomes, especially women, by strategic use of guarantees, alternative credit assessment, international accreditation, bespoke technical assistance and demand aggregation.

Building on Reall's initial investment and the work in design with the Climate Lab, we were pleased to be awarded a feasibility grant by the SDG Impact Finance Initiative (SIFI). SIFI is managed by Convergence and funded by various agencies including the Swiss State Secretariat for Economic Affairs (SECO) and Credit Suisse Foundation. This funding will bolster Reall's innovative work in Kenya, providing critical resources for research, pipeline development, alternative credit assessments, and fundraising efforts aimed at addressing barriers in access to housing finance. The grant represents a significant opportunity for Reall, not only to advance our Green Affordable Housing Finance (GAHF) initiative but also to position ourselves for further funding and potential market transformations in affordable housing.



The grant funds supported consultant-led research focusing on feasibility testing and gender integration, along with stakeholder engagement with banks and developers. The intention is to enhance the GAHF's capacity to crowd-in local financing for green affordable housing, enabling families previously unable to access appropriate housing finance to secure suitable homes. With the grant, Reall also became a member of Convergence, granting access to strategic networks that include donors and impact investors, thus expanding fundraising opportunities.



GREEN CITY HOMES INTERNATIONAL (GCHI)

GCHI is a wholly owned subsidiary of Reall, working to demonstrate the commercial viability of mass-market green homes. Following a rigorous due diligence process, DFC has committed heads of terms for \$50 million as senior investment towards a total funding facility of \$60 million. To bolster capital-raising efforts, GCHI is actively working to secure an additional \$10 million in junior investments and has procured specialist impact investor capital raisers to support this. Meanwhile, efforts continue to develop a pipeline of credible developers in anticipation of further advancements.

The Board of GCHI has been bolstered by Debra Erb and Irfan Keshavjee as independent members. Dhaval Monani took over as Chair in parallel with Steve Troop becoming Interim Board Chair.



FIGURE 7: REALL FUNDED AFFORDABLE HOUSING PROJECT BY ANSAAR MANAGEMENT COMPANY, FAISALABAD

IMPACT OF BUILD INVESTMENT

In the financial year 2023-24, Reall Ltd has continued to work with partners to complete projects.

In Burkina Faso, we completed and successfully exited the Bassinko project in Ouagadougou. Through our collaboration with local contractors and engineering firms, a total of 154 affordable housing units were delivered to the government owned CECECI (Centre de Gestion des Cites), the entity responsible for marketing units to local buyers. The project is an excellent example of a different way of operating in these markets by combining private investment, local expertise and government support.

In Pakistan, Ansaar Management Company (AMC), an affordable housing social enterprise we have been investing for the past 10 years has reached a new milestone by turning a profit, for the first time, of PKR 39 million (circa £110K). This is a significant achievement in a country with an embryonic affordable ecosystem (limited supply, few end user financing options available). AMC is exploring new income streams, including contracting and outsourcing, which is a testament to their well-deserved position as a pre-eminent affordable housing developer in the country.



FIGURE 8: MULTAN, AMC, PAKISTAN

In Nigeria, The Affordable Housing Company (TAHC) has made significant progress on the Palmsville Estate project in Kuje. The company successfully completed Phases 1 and 2, delivering 68 affordable housing units (comprising 2-bedroom and 3-bedroom units) by March 2024. Infrastructure works, including roads, drainage, electricity, and water systems, were also completed, ensuring the estate is fully functional. Phase 3, which includes the construction of 32 additional units commenced in February 2025, with sales expected to begin in March 2025. TAHC has implemented lessons learned from previous phases, including forward procurement strategies and design improvements, to enhance efficiency and market appeal. The project remains on track to achieve EDGE certification, with an expected completion date of April 2026.



FIGURE 9: THE AFFORDABLE HOUSING COMPANY (TAHC), KUJE

PEOPLE

Our values are the foundation of everything we do at Reall. They guide our actions, shape our culture, and define our commitment to making a positive impact.

CURIOSITY:

We foster a culture of curiosity, encouraging questioning and learning to ensure that we stay at the forefront of the affordable housing sector, adapting to evolving challenges and opportunities

ACCOUNTABILITY:

We hold ourselves accountable for our actions and outcomes, ensuring that we deliver on our promises and uphold the trust placed in us by our partners and stakeholders

RESPECT:

We treat every individual with respect, valuing diversity, and fostering inclusive partnerships. We believe that collaboration and mutual respect are essential for achieving meaningful and sustainable impact.

ENTERPRISING:

We approach our work with a spirit of entrepreneurship, constantly seeking innovative solutions and pursuing opportunities for growth and improvement.

Board membership and governance structures have been renewed in the last 12 months. We welcomed Kathy Guis and Vivienne Yeda to the Board. Chris Loughlin and Paul Hackett stepped down, and we express our gratitude for their valuable contributions.

During 2023-4 we updated the Articles of Association to allow for extended Board member terms in exceptional circumstances to ensure continuity during a period of uncertainty. Steve Troop became the interim Chair, and Vivienne Yeda will become Chair in mid-2025.

The Audit Committee welcomed Amita Gupta and Shephard Farrar as new independent members. Sarah Smith continued as Chair of the Committee. The Board continues to place emphasis on maintaining the organisational and financial integrity of the organisation.

The collective efforts of our people result in tangible, positive changes, and we continue to focus on ensuring our recruitment and retention practices support this. The latest Pulse Survey conducted in November 2023 recorded an encouraging overall satisfaction score of 70% (rising from 66%) again surpassing the 65% recognised for high performing teams.



FIGURE 10: FAISALABAD SITE, PAKISTAN



DIRECTORS REPORT

FINANCIAL REVIEW

At 30th September Reall held cash balances of £1.3m, with programme related investments totalling £14.5m. The health of the investment portfolio remains key to bridging the gap between the end of SIDA funding and establishing an effective fundraising and consultancy pipeline.

While Reall continues to navigate challenges, particularly in delivering green affordable housing amid escalating costs and market volatility, significant strides have been made. Considerable progress is being made towards developing and delivering new income streams. During 2023/4 fundraising generated fresh funds, including grants to support further development of our Green Affordable Housing Finance initiative and consultancy contracts. During the year we also procured specialist impact investor support to further boost our work in raising junior investment capital for Green City Homes International and we expect this project to go live in the coming financial year.

£1.6m was repatriated to the UK during 2023-4, primarily in relation to our partnership with Ansar Management Company (AMC) in Pakistan (£1.3m), with a further £243k repaid by the Millard Fuller Foundation (MFF) in Nigeria. £355k in existing loans was converted to grant.

Reall advances loans to partners in local currency, which means that our loan portfolio is always subject to exchange rate fluctuations. Exchange rate losses, realised and unrealised, totalling £1.3m were recorded in the SOFA (2023: £4.5 million).

The trustees recognise that Reall operates in high-risk areas where the certainty of achieving the outcomes expected when loans are advanced is far lower than if we were operating in more developed countries. This means that there is also a greater need to recognise significant levels of loan impairment which could be released when outcomes are achieved. The catalytic nature of Reall's work means that a very low level of impairment would probably indicate an insufficient level of innovation and risk in our operations.

We have continued to effectively manage overhead and programme costs during the year.

Reall continues to be responsible for the shared deficit within the SHPS Defined Benefit scheme in relation to current employees, deferred members and pensioners. This means that deficit contributions will continue to be paid for as long as they remain due. The deficit in the scheme is now £332,897 (2023: £421,000). Further details of the change are set out within Accounting Policies on page 41 and note 19 to these accounts.

As a result of the above financial activity, reserves reduced by £3.7 million (2023: reduction £7.4 million) with total reserves at the end of the year £16.8 million (2023: £21 million).

RESERVES AND LIQUIDITY POLICIES

The trustees review the reserves policy of the charity annually. The review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of the reserves.

The level of reserves is monitored through Reall's planning, budgeting, and forecasting processes including through the approval of the annual budget before the beginning of the new financial year and monthly financial performance monitoring.

In the opinion of the trustees, the available reserves of the charity are the unrestricted reserves together with the restricted reserves excluding those reserves represented by funding identified for delivery of specified programmes, fixed assets, programme related investments or any designated reserves.

Reserves are held to cover delays in the renewal of key funding streams, to provide a cushion for any unexpected business developments or to fund future investment. It is the Board's policy to carry forward, from one year to the next, a sufficient amount of available reserves which, in the opinion of the Trustees, will cover three months' forecast expenditure.

This basis will be reviewed throughout the year and where our risk profile or a significant event arises that could impact on our financial outlook, then the amount to be held will be reviewed.

We will also always aim to hold a cash balance equivalent to six months' overheads and employment costs. The reserves as at 30th September 2024 are restricted £16.1 million and unrestricted £0.48million, providing sufficient reserves to remain compliant with our Reserves Policy. Free reserves at year end amounted to £0.4million.

As at 30th September 2024 Reall's cash holding was £1.3m, representing 6 months of overheads and employment costs.

FUNDRAISING

Reall has a dedicated Fundraising Team within its staff complement and raises most of its funds from large institutional investors and multilateral donors, and not from the public. Reall does not have anyone who fundraises or campaigns for funds on its behalf. Reall receives nominal amounts of unsolicited donations raised by other organisations and individuals, who have chosen Reall as a beneficiary of their own charitable activities. These funds are treated as General Unrestricted Funds within the Statement of Financial Activities.

We work closely with our funders and investors to ensure that we are meeting the requirements of our funding agreements with them, and that we are reporting to them as needed on the progress of projects.

We have not received any complaints in the year about our fundraising activity.

We do not sell our supporters' details to anyone else, and all information on funders and investors is held securely and only accessed and managed by Reall staff in performance of their role. We work diligently to ensure that we are compliant with relevant legislation and codes of practice.

The Trustees consider that the activities of Reall meet the requirements of the public benefit requirements under the Charities Act 2011. Reall's activities and objectives are focused on the alleviation of poverty in Africa and Asia through the provision of affordable housing, clean water supplies, and improved sanitation to people on low incomes in those economies, thereby increasing the life opportunities of low-income people in those societies. Since its formation in 1992 and supported by numerous funders, Reall has worked with partners, contractors, governments, and finance institutions to build networks, advocate, and change policies, alongside the delivery of many thousands of affordable homes.

GRANTS AND INVESTMENT POLICY

Reall invests to demonstrate that green, resilient homes can be affordable for underserved households and that funding developers to build green homes for low-income communities is commercially viable. It does so through proof-of-concept, innovative financial models, products, designs and support for affordable housing projects that have climate mitigation and resilience, gender impact and potential for scalability at their heart.

The investment policy provides a framework for grant giving and investment as well as informing our research, consultancy, and advocacy work. It does so with reference to the following principles:

- Reall will provide loans and grants to partners for initiatives that have the potential to scale-up, attract other funding, and influence policy and practice.
- Reall will make loans available for partners' initiatives only where other sources of finance are not available or appropriate.
- Loans are converted to grants where there is no possibility of recovery of outstanding loan amounts, but where there are completed projects of at least equivalent value to the original loan granted. These conversions are approved by Reall's Board and reported to funders.
- Reall will make grants and loans to partners for initiatives within the context of a broader strategic partnership between Reall and the partner.
- Reall will provide grants where a partner is affected by a disaster or emergency which affects the ongoing work of the partner.

GOING CONCERN

The Board, in September 2024, agreed a full-year budget for the year ending 30 September 2025 which is underpinned by Partner loan repayments and asset sales as we continue to build alternative income streams.

Efforts to repatriate invested funds from diverse jurisdictions have yielded positive results in line with projections over recent months. Despite inevitable uncertainties associated with fund repatriation, the current outlook for the coming years is positive in this regard, albeit subject to external factors not always within our control. The strengthening of Reall's portfolio management strategies including firm and fair negotiations with debtors continues to mitigate risks around repatriation of funds. In the twelve months to April 2026, we are expecting more than £4.7m from loan repayments and cancelled projects, and recovery of these amounts is a continued focus.

Operational delivery and overhead costs have been reduced by approximately 50% in previous years, and the Board continues to manage and monitor these carefully.

Management has conducted appropriate sensitivity analysis on future cash flows, reinforcing our confidence in navigating material uncertainties. Contingency plans are in place to expedite funds from alternative parts of the portfolio, if necessary, alongside potential cost-saving measures to fortify our financial position. The Board are actively engaged in monitoring the financial position, including monthly cash flow projections which cover a 24-month period.

As at the date of signature of the accounts, Reall is operating within its Reserves Policy as set out on page 16. Available reserves are in excess of three months' budgeted expenditure.

The financial statements have therefore been prepared on a going concern basis. However, having assessed the uncertainties surrounding the repatriation of funds over the coming twelve months, the Trustees have determined that there is a material uncertainty that Reall has adequate resources to continue in operational existence for the foreseeable future, being a period of at least twelve months after the date on which the report.

PRINCIPAL RISKS AND UNCERTAINTY

Reall has risk management policies and practices in place to ensure that we continue to successfully manage the challenging political and economic environments in which we operate.

The Corporate Risk Register is the key risk management tool used by Reall. This is reviewed by the Reall Executive Management team, the Audit Committee and Board on a quarterly basis, along with an assessment of our risk appetite. We also maintain fraud risk and ICT cyber risk registers.

Key strategic risks are identified as follows:

BUSINESS CONTINUITY

That Reall has insufficient core funding and adequate reserves to ensure long term viability. As set out elsewhere in this report, we continue to work on diversifying income streams to reduce dependency on partner repayments. Alongside this, strong cost controls are in place to ensure efficient use of funds and minimise overhead requirements. Liquidity and reserves management policies, supported by comprehensive financial reporting and forecasting to assess our financial position mean we are able to take appropriate mitigations where necessary.

PROGRAMMES FUNDING

That Reall has insufficient funding to deliver on programmes and drive innovation and impact in line with our mission. We have strengthened our in-house programme and business development capability, implementing a new CRM system and improving internal processes. Ongoing engagement in sector networks, events and the thought leadership are essential to enhance Reall's credibility and deliver new funding streams.

PEOPLE

That Reall is unable to secure and retain the requisite personnel. We ensure good-practice recruitment, retention, and development practices, fostering a positive workplace culture that emphasises professional development, inclusion, and work-life balance. Regular staff satisfaction surveys identify areas of concern and improve organisational policies regarding wellbeing, and we review reward with regular a 3-yearly benchmarking exercise.

SYSTEMS AND PROCESSES

That Reall does not have the requisite processes and systems in place to operate effectively and deliver on our mission. We prioritise continuous improvement to support operations and ensure sustainable impact. These include an 8-step assurance framework, with the newly revised Investment Policy and Investment Committee to guide quality investment decisions and management. External expertise is used in-country as required for due diligence and feasibility purposes. An extensive due diligence and partner management framework is in place, where Reall works closely with co-assurance partners in-country to manage developments.



FIGURE 11: REALL AT WORLD URBAN FORUM (WUF12)

GLOBAL LEADERSHIP

That Reall is unable to maintain its role and reputation as a global sector leader and pioneer in unlocking green and affordable housing markets in urban Africa and Asia. With a 35-year history, we have built a substantial network of strategic connections and engaged in collaborations at prestigious international events like the World Urban Forum and COP climate conferences. We continue to support innovation across all our work areas and establish Reall as a leader in green housing.

CRISIS

Business continuity risk due to major internal event (cyber-attack, fire, PR crisis, staff injury / loss of life) or inability to navigate major external crisis (pandemic, economic). Reall has a business continuity and disaster recovery plan in place, alongside a range of policies and procedures, including health and safety, safeguarding, hybrid working. Strong IT systems are in place and Reall has achieved Cyber Essentials accreditation.

GOVERNANCE

Legal, regulatory or financial breach. The Board and Audit Committee provide regular oversight, and the organization has a range of policies in place to manage key activities. Reall's Partners adhere to minimum standards related to key risks, and adherence is verified during partner due diligence and monitored on an ongoing basis. We ensure that we have the required legal advice, including pro bono quality services and paid for services where necessary.



FIGURE 12: REALL'S HOSTED PANEL SESSION AT THE WORLD URBAN FORUM (WUF12) TITLED, "LEARNING TO COLLABORATE: EMBRACING THE ROLE OF INTERNATIONAL DONORS AND INVESTORS IN DELIVERING GENDER-SENSITIVE GREEN AFFORDABLE HOUSING."

GOVERNING DOCUMENT

Reall was incorporated as a company limited by guarantee on 12 May 1992. It is governed by its Articles of Association, as amended by special resolutions, most recently in October 2023 when the maximum period a trustee can serve was amended from two terms to three terms of three years.

The objects of the Charity are:

- to provide financial and technical support to charitable organisations and groups working to improve the shelter conditions of poor people in developing countries and elsewhere.
- to support the international exchange of information and experience on homelessness and related matters by facilitating linkage between groups and organisations worldwide.
- to make grants and loans to appropriate projects and to promote research into homelessness and related subjects in developing countries and elsewhere.
- to act as a centre for exchange of information on homelessness and related matters between organisations in the United Kingdom and throughout the world and in particular to encourage "linking" between charitable groups concerned with housing and homelessness in the UK and similar groups elsewhere.

BOARD AND TRUSTEES

Reall is governed by a Board who are directors of the company for the purposes of the Companies Act and trustees in charity law ("the Board" or "trustees"). Under the Articles of Association, the Board is formed from the trustees, who are independently appointed and consists of no less than 3 members but no maximum number. Trustees are usually each appointed for a maximum of 9 years except for the Chair, who can serve for an additional year. This can be extended in exceptional circumstances. After

their term, former Trustees may not then return to the Board for a period of 3 years. The Board is empowered to co-opt further members, taking account of the skills needed, up to a maximum of 5 Board members. The Chair is elected by the Board.

Trustees are recruited through open advertising on job boards and promotion on our website. We actively encourage applications from all sectors of society regardless of ethnicity, gender or other protected characteristic.

The Board meets quarterly, setting aside an additional day for strategic review. Members also attend sub-groups and Committees as required. Through the period of uncertainty following Sida's funding withdrawal, the Board met monthly but as of September 2024, and as the financial outlook is now more settled, they have returned to quarterly meetings with monthly cashflow information shared virtually. At Board meetings, the trustees receive reports on areas of operation, reports from the Audit Committee, and agree the corporate strategy and business plans.

The Audit Committee meets quarterly and provides oversight of finance, assurance and risk management, and reports the work of the Committee to the Board in accordance with the governance timetable of meetings.

A strategy review is carried out each year with the Board and the Executive. Outcomes from this exercise feed into business planning and staff development processes as well as the annual plan and budget, which is approved by the Board. The Board retain responsibility for the approval of the audited financial statements, the appointment of the Chief Executive, equity investments, the management of risk, and the internal controls framework.

The Board carries out a self-assessment of its performance each year, also identifying any gaps in the governance framework or where additional skills are required. A review of individual Trustee performance is carried out by the Chair.

Board members play an active role in attending forums and events, including with key donors and other stakeholders. Training is provided to Board members as required, and trustees have access to articles and wide range of research material.

All newly appointed trustees follow a standard induction process that includes an initial meeting with the Chief Executive as well as

the completion of a skills analysis to establish the specialism that the new member brings to the Board. A formal induction pack provides information on Reall's background and aims, its legal and governance structure, and staffing structure. Members receive regular briefings from staff on relevant changes to legislation and the impact that this may have on the activities of the organisation or the way in which they carry out their role.

DIRECTORS AND TRUSTEES SINCE 1ST OCTOBER 2023:

NAME	SPECIALISM	NOTES
Steven Troop (Interim Chair)	Treasury management, investment, and banking	
Diana Mitlin	Urban housing development and governance, academia, research, emerging markets	
Sarah Smith	Finance, Audit, Regulation, Governance and Business Planning in UK Social Housing	
Dhaval Monani	Housing policy, financial inclusion, urban sustainability, affordable housing solutions, urbanisation strategies and self build homes Advisory roles in the field of housing and infrastructure development.	
Hakeem Ogunniran	Property development, Investment, Fundraising, Housing finance and expertise on housing development and infrastructure related issues in Africa	
Friedemann Roy	Strategist and Advisor - Investment, Consulting, Emerging Markets, Real Estate	Appointed January 2024
Victoria Jardine	Charity and third sector governance, Contractual and constitutional matters, Regulatory matters, strategic initiatives, structural changes, and diversification within the social housing sector, Group structures and mergers, Urban regeneration projects, Major property developments and Joint ventures and collaborative working arrangements.	Appointed November 2023
Ranil De Silva	Urban housing development and governance, academia, research, emerging markets	Appointed November 2023
Vivienne Yeda (Incoming Chair)	Seasoned banker and international business lawyer with over 25 years of experience in development banking, finance, and management across Africa. Expertise in strategic management, resource mobilization, and project management.	Appointed September 2024
Kathy Guis	14 years of experience in impact investing, currently serving as Executive Vice President of Investments at Kiva, a US nonprofit organization focusing on impact-first debt investments for financial services and social enterprises.	Appointed September 2024
Amita Poole	30 years of experience leading strategy, governance and infrastructure programs across global public, private and non-profit sectors.	Appointed 22nd September 2024
Shepard Farrar	Over 40 years of experience in institutional investment management, governance, and strategic leadership across diverse global markets.	Appointed 22nd September 2024

RESIGNATIONS:

NAME	SPECIALISM	NOTES
Paul Hackett	Construction, organisational leadership and governance, investment, and housing	Resigned December 2023
Chris Loughlin (Chair)	Organisational leadership, regulation and investor relations, government, and policy	Resigned April 2024
Amita Poole	30 years of experience leading strategy, governance and infrastructure programs across global public, private and non-profit sectors.	Resigned 17th March 2025
Shepard Farrar	Over 40 years of experience in institutional investment management, governance, and strategic leadership across diverse global markets.	Resigned 17th March 2025

Qualifying third party indemnity provision is in place for the benefit of all trustees of Reall.

CHIEF EXECUTIVE OFFICER AND EXECUTIVE TEAM

The Chief Executive Officer is appointed by the trustees to manage the day-to-day operations of Reall, subject to the direction of the Board and any restrictions set out within the Articles of Association. To facilitate effective operations, the Chief Executive has delegated authority, as

set out in the Schedule of Delegated Authority, for all operational matters including finance, employment, and operations.

The Executive Team serving during the financial year and afterwards were as follows:

EXECUTIVE TEAM:

Ian Shapiro	Chief Executive
Patrick Domingos-Tembwa	Commercial Build & Transitions Director
Mewahib Mohammed	Programme & Business Development Director
Lucy Livesley	Governance & External Affairs Director (until May 2024)
Dawn Cole	Finance & Investment Director (appointed September 2024)
Emma Ahmed	Managing Director – GCHI (appointed November 2024)

PAY POLICY FOR SENIOR STAFF

The directors consider that the Board, who are the trustees of Reall, and the senior management team (as set out in the table above) comprise the key management personnel in charge of directing and controlling, running, and operating Reall on a day-to-day basis.

The pay of the senior staff is reviewed regularly following a formal review carried out by external consultants, considering benchmarking against

similar organisations and the salary market more generally. The remuneration of the senior management team is detailed in note 8 to these accounts.

None of the trustees receives any remuneration or other benefit from their work with Reall. They are entitled to receive expenses to reimburse them for the costs of carrying out their role as trustees.

RELATIONSHIPS WITH OTHER ORGANISATIONS

Although, as indicated above, Reall is committed to achieving its objectives through partnership with other organisations, other than through its investments in certain companies as set out in note 12, it is not directly connected with any other charities or similar organisations.

SUBSIDIARY

Reall established Green City Homes International (GCHI) as a company limited by shares on 14 March 2023. GCHI is a wholly owned subsidiary for future potential utilisation and was non-trading throughout this period.

DONATIONS IN KIND

Reall is not dependent upon the services of unpaid volunteers. It has benefited from certain voluntary services, primarily uncharged professional advice, and assistance from supporting organisations and individuals. Such donations in kind are not included in the Statement of Financial Activities as they cannot be easily quantified and are not considered to be significant in the context of expenditure generally.

TRUSTEES' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

The trustees, who are also the directors of the company for the purposes of company law, are responsible for preparing a Trustees' Annual Report including Directors' Report, Strategic Report, and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the company and of the incoming resources and application of resources, including income and expenditure, of the company for that period. In preparing the financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently.
- Observe the methods and principles of the Charities SORP.
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to assume that the charity will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity, and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

STATEMENT AS TO DISCLOSURE TO OUR AUDITORS

In so far as the trustees are aware at the time of approving our Trustees' Annual Report:

- There is no relevant information, being information needed by the auditor in connection with preparing their report, of which the auditor is unaware, and
- The trustees, having made enquiries of fellow directors that they ought to have individually taken, have each taken all steps that he/she is obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of the information.

The Report of the Trustees prepared under the Charities Act 2011, which also contains all information required in a Directors' Report by the Companies Act 2006, and the incorporated Strategic Report prepared under the Companies Act 2006, were approved by the Board of Trustees on 04th June 2025 and signed on behalf of the Trustees by:



Steve Troop
Chair (Interim)

04th June 2025



INDEPENDENT AUDITOR'S REPORT

to the Trustees and
Members of Reall Limited

OPINION

We have audited the financial statements of Reall Limited for the year ended 30 September 2024 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows, and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 charitable company's affairs as at 30 September 2024 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 Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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.

MATERIAL UNCERTAINTY RELATING TO GOING CONCERN

We draw attention to the going concern accounting policy on page 37 in the financial statements, which indicates that there is uncertainty in respect of the timing of repayments of loans from partners. As stated in the accounting policy on page 37, these events or conditions, along with the other matters indicate that a material uncertainty exists that may cast significant doubt on the charitable company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

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

OTHER INFORMATION

The trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of our audit

- the information given in the trustees' report, which includes the directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included within the trustees' report has been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the trustees' responsibilities statement set out on page 23, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue 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.

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

We obtained an understanding of the legal and regulatory frameworks within which the company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, Taxation legislation and the Charities SORP (FRS102) 2019.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company for fraud. The laws and regulations we considered in this context for the UK operations were Anti-fraud, bribery and corruption legislation.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management and programme related investments. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals and reviewing accounting estimates for biases, obtaining confirmations for balance for programme related investments and performing testing on these to assess for impairment, reviewing correspondence with the Charity Commission and reading minutes of meetings of those charged with governance.

Owing 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. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

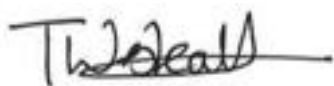
These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities

This description forms part of our auditor's report.

USE OF OUR REPORT

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Tara Westcott
Senior Statutory Auditor

For and on behalf of

Crowe U.K. LLP
Statutory Auditor
4th Floor
St James House
St James Square
Cheltenham
GL50 3PR

Date: 27 June 2025



STATEMENT OF FINANCIAL ACTIVITIES

for the 12 months period
ended 30 September 2024
(including Income and
Expenditure Account)

		UNRESTRICTED FUNDS	RESTRICTED FUNDS	2024	2023
INCOME FROM:	NOTES	£	£	TOTAL £	TOTAL £
Donations and legacies	1	6,393	-	6,393	11,634
Other trading activities	1	3,038	-	3,038	152
Charitable activities	1		125,955	125,955	5,429,481
Investments	1	11,748	-	11,748	4,427
TOTAL INCOME		21,179	125,955	147,134	5,445,694
EXPENDITURE ON:					
Raising funds	5	2,748	-	2,748	6,586
Charitable activities	6	27,901	3,818,749	3,846,650	12,680,666
TOTAL EXPENDITURE		30,649	3,818,749	3,849,398	12,687,252
NET (EXPENDITURE) FOR THE YEAR					
Net (expenditure) for the year		(9,470)	(3,692,794)	(3,702,264)	(7,241,558)
Transfers between funds	20	-	-	-	-
NET EXPENDITURE		(9,470)	(3,692,794)	(3,702,264)	(7,241,558)
OTHER RECOGNISED GAINS/(LOSSES)					
Actuarial gains/(losses) in respect of pension scheme	19	-	(2,000)	(2,000)	(207,558)
NET MOVEMENT IN FUNDS		(9,470)	(3,694,794)	(3,704,264)	(7,449,116)
RECONCILIATION OF FUNDS:					
Balance brought forward at 1 October 2023		763,555	19,800,012	20,563,567	28,012,683
BALANCE CARRIED FORWARD AT 30 SEPTEMBER 2024	21/22	754,085	16,105,218	16,859,303	20,563,567

The income and expenditure all relate to continuing operations. There are no gains or losses other than the net income for the year. The notes on pages 36 to 66 form part of these accounts.



BALANCE SHEET

as at 30 September 2024

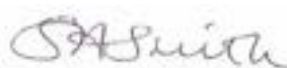
		2024		2023	
FIXED ASSETS:	NOTES	£	£	£	£
Intangible assets	10		34,976		68,227
Tangible assets	11		276,101		333,595
INVESTMENTS:					
Subsidiary companies	12		473,686		547,400
Programme Related Investments	13		14,455,991		17,475,237
TOTAL FIXED ASSETS			15,240,754		18,424,459
CURRENT ASSETS:					
Debtors falling due within one year	14	981,274		1,538,044	
Cash at bank and in hand	18	1,328,496		1,583,790	
TOTAL CURRENT ASSETS		2,309,770		3,121,834	
LIABILITIES:					
Creditors falling due within one year	15	(253,354)		(429,979)	
Net current assets			2,056,416		2,691,856
TOTAL ASSETS LESS CURRENT LIABILITIES			17,297,170		21,116,314
Creditors falling due after more than one year	16		(104,970)		(131,747)
NET ASSETS EXCLUDING PENSION LIABILITY			17,192,200		20,984,567
Net defined benefit pension scheme obligation	19		(332,897)		(421,000)
TOTAL NET ASSETS			16,859,303		20,563,567
FUNDS					
Restricted funds	21		16,105,218		19,800,012
Unrestricted income funds	20		754,085		763,555
TOTAL CHARITY FUNDS			16,859,303		20,563,567

The accounting policies and notes on pages 36 to 66 form part of these accounts.

The financial statements were approved by the Board of Trustees and authorised for issue on 04th June 2025 and are signed on its behalf by:



Steve Troop, Chair



Sarah Smith, Chair of Audit Committee



STATEMENT OF CASH FLOWS

		2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:	NOTES	£	£
Net cash generated by operating activities	17	(1,707,652)	(1,120,619)
CASH FLOW FROM HOUSING INVESTMENT:			
Loans to Partners		-	(2,997,504)
Direct construction of homes		-	(368,570)
Loans repaid by partners		1,613,564	859,371
		1,613,564	(2,506,703)
CASH FLOWS FROM OTHER INVESTING ACTIVITIES:			
Bank interest received		11,748	4,427
Purchase of tangible fixed assets		-	(19,364)
Purchase of intangible assets		-	(52,824)
		11,748	(67,761)
Change in cash and cash equivalents in the year		(82,340)	(3,695,083)
Cash and cash equivalents at the beginning of the year	18	1,583,792	5,295,095
Change in cash and cash equivalents due to exchange rate movements		(172,956)	(16,220)
TOTAL CASH AND CASH EQUIVALENTS AT THE END OF THE REPORTING PERIOD	18	1,328,496	1,583,792



ACCOUNTING POLICIES

for the 12 months period ended 30 September 2024

The principal accounting policies adopted in the preparation of the financial statements are as follows:

GENERAL INFORMATION

The charity is a company limited by guarantee and therefore has no share capital. It is a registered charity at the Charity Commission in England & Wales (registered number 1017255). The liability of each member in the event of a winding up is limited to £1. The address of the Charity's registered office and principal place of business is 6th Floor, Friars House, Manor House Drive, Coventry, UK, CV1 2TE.

BASIS OF PREPARATION

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2019) – Charities SORP (FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Reall is taking exemption under FRS102 to not prepare consolidated accounts on the grounds of non-control over subsidiaries in which we have a stake. The basis of non-control is further elaborated in note 12 and this is reviewed on an annual basis. The accounts presented are therefore for Reall Limited as a separate entity.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

Reall meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

GOING CONCERN

The Board, in May 2025, reviewed a full-year forecast for the year ending 30 September 2025, headline budget plans through to September 2026 and cash flow projections through to May 2027.

The budget and cashflow projections continue to be underpinned by Partner loan repayments and asset sales, together with a limited amount of new fundraising income, as we deliver our 'business pivot' in the aftermath of SIDA's adjustment to its priorities. Efforts to repatriate invested funds from diverse jurisdictions have yielded positive results over recent months and during the upcoming 12-month period, we are expecting to receive more than £6M from loan repayments and cancelled projects. We also continue to closely monitor our cost base, which has been remodelled to reflect our current expectation of income streams.

We have tested our latest cash flow projections to 31st May 2026 and Reall remains viable without further funding over that period. Accordingly the trustees have determined that it is appropriate to prepare the accounts on a going concern basis.

However, recognising that repatriation and fundraising can be impacted by circumstances outside our control, the trustees have determined there is uncertainty regarding the exact timing of receipts. Therefore, although the Trustees have determined that it is appropriate to prepare the accounts on a going concern basis, there remains a material uncertainty as to the ability of the charitable company to continue as a going concern for the foreseeable future.

INCOME

Income is recognised when the charity has entitlement to the funds, any conditions of receipt have been met, it is probable that the income will be received, and the amount can be measured reliably.

- Voluntary donations are accounted for in the period in which they are received.
- Legacies are accounted for as soon as the cash is received, or on an estate accounts basis when as soon as entitlement, probability of receipt and the amount can be measured reliably is known.
- Investment income is recognised on a receivable basis.
- Grants receivable income, where related to performance and specific deliverables, is accounted for as the Charity earns the right to consideration by its performance. Where income is received in advance of performance, its recognition is deferred and included in creditors. Where entitlement occurs before income is received, the income is accrued.

EXPENDITURE

Expenditure is recognised as soon as there is a legal or constructive obligation committing the charity to the expenditure. The charity is not registered for VAT and consequently all costs are inclusive of VAT where applicable. Expenditure is classified under the following activity headings:

- Raising funds - including specific campaign and event costs and promotional material.
- Charitable activities - including grants made to international partner organisations to carry out work in line with our objectives. Grants paid in respect of the programme relate to expenses paid on behalf of partner organisations in relation to stakeholder events, low-value capital projects (where the partner is not sufficiently developed to be able to make loan repayments) and capacity building and project support. All other funds advanced to partners under the programme are made in the form of loans, which are referred to as Programme Related Investments for the purposes of these accounts.
- Charitable activities also include the direct costs of the investment programme. These direct costs include, for example, monitoring and evaluation (including our internal assurance programme), travel, consultancy fees, documentation production, and legal fees. Our disbursements of funds in the form of loans to international partner organisations, whilst being for charitable purposes, do not appear under Charitable Activities in the Statement of Financial Activities. These disbursements appear on our Balance Sheet as Programme Related Investments and are further broken down in note 13.

- Support costs include staff and general overhead costs as well as direct governance costs. They are apportioned across the various areas of activity both restricted and unrestricted in the following manner:
 - Salary and related costs (pension, national insurance, etc.) are allocated on a percentage basis according to the amount of time spent in each area.
 - General overhead costs are allocated according to the total proportion of staff time spent in that area.
 - Governance costs include the costs associated with meeting constitutional and statutory requirements. This includes the costs of the annual audit as well as Board meetings and other Trustees' expenses.
- Redundancy and termination costs only occur where absolutely necessary and are accounted for on an accruals basis when the commitment has been made.

FUND ACCOUNTING

General Unrestricted Funds are available for use at the Trustees' discretion in furtherance of the charity's objectives. Restricted Funds are those donated and restricted for use in a particular area or for specific purposes.

OPERATING LEASES

All leases are "operating leases" and the annual rentals are charged to the Statement of Financial Activities on a straight-line basis over the lease term.

EMPLOYEE BENEFITS

The costs of short-term employee benefits are recognised as a liability and an expense. The holiday pay year for the charity ends on 31 December each year and employees are entitled to carry forward up to 10 days of any unused entitlement at the end of the calendar year. The cost of any unused entitlement is recognised in the period when employees' services are received.

FOREIGN CURRENCIES

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the Balance Sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the Statement of Financial Activities.

TAXATION

Tax recovered from voluntary income received under gift aid is recognised when the related income is receivable and is allocated to the income category to which the income relates.

TANGIBLE & INTANGIBLE FIXED ASSETS

Tangible fixed assets are capitalised at cost and are depreciated over their useful economic lives as follows:

COMPUTER EQUIPMENT
over 2 years (straight-line)

FURNITURE AND FIXTURES
over 4 to 10 years (straight-line)

INTANGIBLE ASSETS
over 3 years (straight-line)

JOINT VENTURES AND ASSOCIATES

Joint ventures and associates comprise equity shareholdings in international partner organisations in furtherance of our aims. These shareholdings are generally made in sterling and disclosed at cost although the underlying shares are denominated in the relevant local currency.

Investments in these entities are reviewed on an annual basis to ensure that their carrying value reflects the underlying assets and liabilities of each entity. Provisions for impairment are made where necessary and are taken to the Statement of Financial Activities. It is the opinion of the trustees that cost less provision for impairment represents the best estimate of the carrying value of the investments as at the Balance Sheet date.

PROGRAMME RELATED INVESTMENTS

Programme Related Investments comprise loans issued to, and equity stakes in, international partner organisations for projects in furtherance of our aims. The majority of these loans or equity stakes are disbursed in the usual functional currency for the relevant partner.

Payments of the principal and any repayments of either principal or interest are initially disclosed in the Balance Sheet at cost using the exchange rate ruling at the date of the transaction. Exchange rate differences arising at the time of any repayment are taken to Charitable Activities in the Statement of Financial Activities. Outstanding balances at the year-end are re-translated at the prevailing exchange rate at the Balance Sheet date, with any further exchange rate gains or losses also taken to the Statement of Financial Activities.

Due to the breadth of our loan portfolio across numerous countries there is the potential for material exchange rate fluctuations which could impact the total valuation of Programme Related Investments both positively and negatively. We monitor this on a cyclical basis throughout the year.

Each year, the Trustees consider the recoverable amount of each outstanding loan and make provisions for impairment based on a formal assessment carried out by management. Provisions for impairment are taken to the Statement of Financial Activities.

It is the opinion of the trustees that cost less provision for impairment represents the best estimate of the carrying value of the loans as at the Balance Sheet date.

DEBTORS

Other debtors and prepayments are recognised at the settlement amount.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash and short-term liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

CREDITORS AND PROVISIONS

Creditors and provisions are recognised when the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount.

FINANCIAL INSTRUMENTS

The charity only has financial assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

PENSION COSTS

The charity participates in the Social Housing Pension Scheme (SHPS) which is a multi-employer scheme which provides benefits to some 500 non-associated employers in the UK. The charity participates in two separate active defined contribution schemes and one closed defined benefit scheme within SHPS as follows:

DEFINED CONTRIBUTION SCHEME

This scheme acts as the auto-enrolment scheme and all employees are automatically enrolled in the scheme when they join unless they opt to join the Higher Rate Defined Contribution Scheme.

Contributions are charged to the Statement of Financial Activities in the year they are payable.

HIGHER RATE DEFINED CONTRIBUTION SCHEME

This scheme replaced the Defined Benefit Scheme that Reall had been a member of for many years and is open to any employees who wish to join it instead of the auto-enrolment scheme. Contributions are charged to the Statement of Financial Activities in the year they are payable.

DEFINED BENEFIT SCHEME

This scheme was open to any employees who wished to join it until 1 October 2018 when the scheme was closed to new accrual. The closure took place following the outcomes from the autumn 2017 employer risk assessment, which indicated that Reall did not have a strong enough covenant to maintain an active Defined Benefit scheme under the scheme provider's rules.

The deficit on the scheme is reported as a Defined Benefit Pension Scheme obligation on the Balance Sheet. The net defined benefit asset/obligation represents the present value of the defined benefit obligation minus the fair value of scheme assets out of which obligations are to be settled.

The rate used to discount the benefit obligations to their present value is based on market yields for high quality corporate bonds with terms consistent with those of the benefit obligations. The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost. Net interest on the net defined benefit liability comprises the interest cost on the defined benefit obligations and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. These amounts are recognised within net income/expenses. Actuarial gains and losses and the difference between the interest income on scheme assets and the actual return on scheme assets are recognised in other recognised gains and losses.

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 Trustees have identified that the estimates and assumptions that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities within the next financial year are as follows:

PROGRAMME RELATED INVESTMENTS – PROVISIONS FOR IMPAIRMENT

Provisions for impairment as set out in note 13 are made based on a formal review carried out by management which focuses on a range of factors including compliance with loan repayment terms, delays in project implementation and the organisational and financial stability of the partner as well as external factors such as policy change or political interference. This is also informed by assessments carried out by the internal assurance team and regular reviews of the expected outcomes of the project against the initial business case. Partners tend to be relatively new organisations, and their operations are generally reliant on a small number of key individuals. In general, the Trustees consider that Programme Related Investments have limited realisable value if they are not repaid in accordance with the terms on which the investment was made.

EQUITY STAKES IN PARTNERS – NON-CONSOLIDATION

The charity has several equity stakes in partners as set out in note 12 – Joint Ventures and Associates. The charity considers the substance of each of these investments where the shareholding would generally require that the results and net assets of the partners to

be consolidated into the accounts of the UK charity. Note 12 sets out the rationale for the non-consolidation of each of the relevant partner entities, which the trustees regularly review to confirm the position. As a result, Reall has not produced consolidated accounts.

EQUITY STAKES IN PARTNERS – NEPAL

The charity has taken equity stakes in its partner in Nepal because the legislation in that country does not allow the partner to receive loans from the charity. Loans advanced by Reall to this partner are therefore recognised as equity in the accounts of our Nepalese partner. The Trustees consider that the substance of these transactions remains that of a loan investment rather than an equity investment for the reasons disclosed in note 12. The equity stake has therefore been assessed and subjected to impairment using the same accounting policies as other Programme Related Investments.

EQUITY STAKES IN PARTNERS AND JOINT VENTURES AND ASSOCIATES – PROVISIONS FOR IMPAIRMENT

Provisions for impairment as set out in note 12 are made based on a formal review carried out by management, which focuses on the net assets underlying the investment as well as the general financial stability of the partner. In general, the Trustees consider that these equity stakes have limited resale value on the open market if they do not continue to operate in accordance with the basis on which the investment was made.

DEFINED BENEFIT PENSION SCHEME LIABILITIES

The charity, in conjunction with the scheme actuary, assesses the assets and liabilities of the scheme, and hence the net liability at each year-end using a number of key assumptions including mortality rates, discount rates, inflation and salary growth in order to establish the fair value of the assets and liabilities at the Balance Sheet date. Further information in relation to the assumptions used to evaluate the deficit as of 30 September 2024 is set out in note 19 to these accounts.



NOTES OF THE FINANCIAL STATEMENTS

for the 12 months period ended 30 September 2024

1 INCOME

	Unrestricted Funds	Restricted Funds	2024 Total	2023 Total
	£	£	£	£
INCOME FROM DONATIONS AND LEGACIES:				
General Donations	6,393	-	6,393	11,634
	6,393	-	6,393	11,634
INCOME FROM OTHER TRADING ACTIVITIES:				
Other Income	69	-	69	152
Global Advisory Services	2,969	-	2,969	-
	3,038	-	3,038	152
INVESTMENT INCOME: (note 4)				
Interest on deposit accounts	11,748	-	11,748	4,427
	11,748	-	11,747.99	4,427
INCOME FROM CHARITABLE ACTIVITIES:				
Grants receivable:				
Statutory sources (note 2)	-	-	-	4,770,830
Trusts and foundations (note 3)	-	92,644	92,644	315,707
Interest on loans	-	33,311	33,311	342,944
	0	125,955	125,955	5,429,481
TOTAL INCOME	21,179	125,955	147,134	5,445,694

2 STATUTORY GRANTS RECEIVABLE

	2024	2023
	£	£
Swedish International Development Co-operative Agency	-	4,770,830
	-	4,770,830

3 TRUSTS, FOUNDATIONS, AND OTHER GRANTS RECEIVABLE

	2024	2023
	£	£
SIFI	62,644	-
Ezrah Foundation	-	238,257
Happold Foundation	30,000	60,000
Karandaaz Pakistan	-	17,450
	92,644	315,707

4 INVESTMENT INCOME

	Unrestricted Funds	Restricted Funds	2024 Total	2023 Total
	£	£	£	£
INTEREST ON DEPOSIT ACCOUNTS:				
HI Fund	-	-	-	25
Other	11,748	-	11,748	4,402
	11,748	-	11,748	4,427
INTEREST ON PARTNER LOANS:				
			33,311	342,944
			33,311	342,944

5 EXPENDITURE ON RAISING FUNDS

	Unrestricted Funds	Restricted Funds	2024 Total	2023 Total
	£	£	£	£
Support costs	2,748	-	2,748	6,586
TOTAL COST OF RAISING FUNDS	2,748	-	2,748	6,586

6 CHARITABLE EXPENDITURE

	Unrestricted Funds	Restricted Funds	2024 Total	2023 Total
	£	£	£	£
INVESTMENT PROGRAMME				
Capital and Capacity Grants (note 7)	-	16,485	16,485	446,617
Loans and equity converted to grant (note 7)	-	355,993	355,993	108,224
Impairment provision movement on remedial projects	-	(206,761)	(206,761)	1,656,002
Exchange losses	-	1,342,571	1,342,571	4,498,317
	-	1,508,288	1,508,288	6,709,160
Support costs (Employees & Overheads)	-	2,083,026	2,083,026	4,794,372
Direct Operational Costs	-	227,436	227,436	1,113,309
	-	2,310,462	2,310,462	5,907,681
OTHER				
Support costs (note 8)	27,901	-	27,901	63,825
	27,901	-	27,901	63,825
TOTAL	27,901	3,818,749	3,846,650	12,680,666

7 INVESTMENT PROGRAMME GRANTS

	2024	2023
GRANTS PAID:	£	£
Ansaar Management Company (Pakistan)	-	101,963
Casa Real (Mozambique)	-	3,426
Janaadhar (India)	11,485	72,658
Janaagraha Centre for Citizenship & Democracy	-	1,970
Kwangu Kwako Limited (Kenya)	-	16,366
Modulus Tech (Private) Limited (Pakistan)	-	5,697
Smart Havens Africa Limited (Uganda)	-	244,537
Syntellect (India)	5,000	-
TOTAL GRANTS PAID IN YEAR	16,485	446,617

	2024	2023
CAPACITY LOANS CONVERTED TO GRANTS:	£	£
Smart Havens Africa Limited (Uganda)	-	98,747
Linkbuild/Philippine Action for Community-Led Shelter Initiatives Inc. (Philippines)	-	9,477
Millard Fuller Foundation (Nigeria)	355,993	-

Capital funds are generally given to partners as loans rather than grants and these amounts appear as Programme Related Investments on the balance sheet (note 13). Grants which relate principally to capital projects totalled £11.4k (to 1 partner) in relation to installation of ECOSTP water reclamation system on the Janaadhar Sanand project in India. Another partner was awarded a grant in relation to development of a lending risk management tool, this totalled £5k.

8 SUPPORT COSTS

Support costs incurred during the year may be analysed as follows:

	Personnel Costs	Office Costs & Depreciation	2024 Total	2023 Total
CHARITABLE EXPENDITURE (NOTE 6)	£	£	£	£
Programme support costs	1,433,124	649,902	2,083,026	4,794,372
Other unrestricted	19,196	8,705	27,901	63,825
RAISING FUNDS (NOTE 5)				
Support costs	1,890	858	2,748	6,586
TOTAL SUPPORT COSTS	1,454,210	659,465	2,113,675	4,864,783

	2024	2023
PERSONNEL COSTS INCLUDE THE FOLLOWING:	£	£
Salaries and wages	1,166,894	2,994,526
Employer's social security	137,744	325,151
Pension costs (note 19)	72,105	136,902
Life assurance premium	-	9,935
	1,376,743	3,466,514
Consultants	77,467	122,027
	1,454,210	3,588,541

During the 12-month period to 30 September 2024 termination payments totalling £30,000 were paid/payable to 1 employee.

Key Management Personnel are those having authority and responsibility, delegated to them by the trustees, for planning, directing, and controlling the activities of the charity. Remuneration for key management personnel, including employers' national insurance contributions and contributions to the pension scheme, amounted to £512,550 for the 12-month period. (18-month period to 30 September 2023: £864,213).

The highest paid employees are as follows:

	2024	2023
Band (excluding pension contributions and NI)	Number	Number*
£160,000-£169,999	1	-
£150,000-£159,999	-	-
£140,000-£149,999	-	1
£100,000-£109,999	-	-
£90,000-£99,999	3	1
£80,000-£89,999	1	2
£70,000-£79,999	-	1
£60,000-£69,999	1	6

*12M EQUIVALENT

The average number of employees during the period was 24 (18-month period to 30 September 2023: 41).

All directors give of their time freely and no director (or person connected to any director) received remuneration in the period. Expenses have been paid to 3 directors totalling £2,835,

(18-month period to 30 September 2023: £5,641) during the period. This was to cover their travelling expenses incurred in attending meetings of the charity. Directors' Liability Insurance has been paid on behalf of the directors amounting to £2,323 (18-month period to 30 September 2023: £2,996).

9 EXPENDITURE

	2024	2023
NET EXPENDITURE INCLUDES CHARGES/(CREDITS) FOR:	£	£
Net expenditure includes charges/(credits) for:		
Defined Benefit Scheme – net interest expense	21,000	17,000
Auditor's remuneration – audit services	47,340	54,360
Auditor's remuneration – other services	-	1,440
Depreciation	90,745	169,212
Rent on office accommodation	121,232	180,600
Operating leases – plant and machinery	2,167	3,250

10 INTANGIBLE ASSETS

	Software	Total
COST	£	£
As at 1 October 2023	186,565	186,565
Additions	-	-
Disposals	-	-
As at 30 September 2024	186,565	186,565
DEPRECIATION		
As at 1 October 2023	118,338	118,338
Charge for the year	33,251	33,251
Disposals	-	-
As at 30 September 2024	151,589	151,589
NET BOOK VALUE		
As at 30 September 2024	34,976	34,976
As at 30 September 2023	68,227	68,227

11 TANGIBLE FIXED ASSETS

	COMPUTER EQUIPMENT	FURNITURE, FIXTURES & GENERAL EQUIPMENT	TOTAL
COST	£	£	£
As at 1 October 2023	100,020	493,113	593,133
Additions	-	-	-
Disposals	-	-	-
As at 30 September 2024	100,020	493,113	593,133
DEPRECIATION			
As at 1 October 2023	90,790	168,748	259,538
Charge for the year	7,928	49,566	57,494
Disposals	-	-	-
As at 30 September 2024	98,718	218,314	317,032
NET BOOK VALUE			
As at 30 September 2024	1,302	274,799	276,101
As at 31 March 2023	9,230	324,365	333,595

These assets are used for administration and for the direct charitable purposes of the charity. Individual assets are not allocated to specific purposes.

12 JOINT VENTURES AND ASSOCIATES

	Class of holding	Cost of investment	Proportion held	Aggregate capital and reserves	Results for the period	Nature of business
		£		£	£	
Sewa Nirman Private (incorporated in Nepal)	Limited	-	95%	3,429,802	46,302	Investment
Sheltersol Holdings (incorporated in Zimbabwe)	Limited	-	49%	(3,895,865)	(104,937)	Investment
Ansaar Management Company (Private) Limited (incorporated in Pakistan)	Limited	178,830	25%	1,103,674	(358,018)	Investment
Syntellect India PVT Ltd (incorporated in India)	Limited	368,570	14%	173,174	(151,310)	Investment
Green City Homes International (incorporated in England)	Limited	-	100%	1	N/A	Investment – Not active
		547,400				

Reall has made loans or grants to these companies, and these are recorded in Charitable Expenditure within the Statement of Financial Activities (grants) or in Programme Related Investments (note 13) (loans). We also hold shares in Lendco and AHS at nil value.

The figures for aggregate capital and reserves and results for the period set out in the table in this note have been extracted from the most recent unaudited management information available at the date of signing these Financial Statements – this is as at 30 September 2024.

In the case of Sewa, Nepalese law does not allow a Nepali entity to receive repayable loans (as is the usual practice for Reall) from a non-Nepali entity. In order to continue to invest in the Nepali partner, the funds advanced to Sewa have therefore been made in the form of part paid share capital and recorded as such in the books of Sewa. This means that Reall has a 95% equity

stake in Sewa and as such it would be expected that the results of Sewa should be consolidated within the accounts of Reall. However, it is the opinion of the trustees, that there are substantial restrictions on our ability to do business in Nepal under our normal terms. It is their view that the substance of the relationship between Reall and Sewa is still one of loan provider/receiver and not one of parent and subsidiary.

The basis for non-consolidation is that Reall doesn't have control over the entity. The results of Sewa have not therefore been consolidated into the accounts of Reall and the amounts advanced have been separately shown as equity investments within Programme Related Investments. No other cost has been attributed to Reall's holdings in Sewa.

During 2022-23 Reall created a wholly owned UK subsidiary called Green City Homes International (GCHI) this is currently non trading and so has no results to consolidate.

The movement in the carrying value of joint ventures and associates over the year is as follows:

	2024	2023
	£	£
Balance at 1 October	547,400	178,830
Additions in the year	-	368,570
Disposals in the year	-	-
At 30th September	547,400	547,400
Impairment at 1 October	-	-
Impairment provisions in the year	73,714	-
At 30th September	73,714	-
NET BOOK VALUE AT 30 SEPTEMBER	473,686	547,400

The registered addresses of these joint ventures and associates are as follows:

SEWA NIRMAN PRIVATE

Ward No 3, Lalitpur Sub-Metropolitan City of
Lalitpur District, Nepal

SHELTERSOL HOLDINGS

50 Bradfield Road, Hillside, Harare, Zimbabwe

ANSAAR MANAGEMENT COMPANY

31/10-A, Abu Bakr Block, New Garden Town,
Lahore, Pakistan

SYNTELLECT INDIA PVT

C 802 Golden Square Cst Road Sundar Nagar
Extension Kalina Santacruz East Mumbai MH
400098 IN.

GREEN CITY HOMES INTERNATIONAL

6th Floor, Friars House, Manor House Drive,
Coventry CV1 2TE, UK

13 PROGRAMME RELATED INVESTMENTS

	2024	2023
	£	£
Loans	13,264,558	16,271,421
Accrued interest on loans	1,191,433	1,203,816
	14,455,991	17,475,237

LOANS	LOAN FUND	EQUITY INVESTMENTS	TOTAL
Gross investments – loans:	£	£	£
As at 1 October 2023	30,510,425	4,939,382	35,449,807
New loans advanced during the year	-	-	-
Loans converted to grant	(355,993)	-	(355,993)
Loans written off	-	-	-
Loan repayments made	(1,613,564)	-	(1,613,564)
Exchange rate losses on translation	(3,626,612)	(454,943)	(4,081,555)
As at 30 September 2024	24,914,256	4,484,439	29,398,695
Impairment provisions:			
As at 1 October 2023	15,759,003	3,419,383	19,178,386
Impairment movement in the year	(280,475)	-	(280,475)
Exchange rate (losses)/gains on revaluation	(2,448,831)	(314,943)	(2,763,774)
As at 30 September 2024	13,029,697	3,104,440	16,134,137
Net investments as at 30 September 2024	11,884,559	1,379,999	13,264,558
Net investments as at 30 September 2023	14,751,422	1,519,999	16,271,421

All loans are concessionary loans, with a typical term of 5-7 years. Loans advanced since the end of 2014 have generally been interest bearing at varying rates (generally between 5% and 7%). As at 30 September 2024, 63% (31 March 2023: 65%) of the current loan portfolio is interest-bearing.

Reall's loans are largely denominated in local currency and all exchange gains and losses are

absorbed into/by the funding portfolio.

We operate in a number of countries with volatile currencies and as such the valuation of our loan portfolio can vary significantly over relatively short time periods.

These recoverable amounts are subject to loan impairment (shown above).

ANALYSIS OF GROSS LOANS BY DEBT MATURITY:	2024	2023
AMOUNTS PAYABLE:	£	£
In one year or less or on demand	21,268,722	18,609,627
In more than one year but not more than two years	865,773	7,955,535
In more than two years but not more than five years	2,550,069	3,431,407
In five years or more	4,714,131	5,453,238
	29,398,695	35,449,807

ACCRUED INTEREST ON LOANS:	LOAN FUNDS
GROSS ACCRUED LOAN INTEREST:	£
As at 1 October	3,185,115
Interest repaid in cash in the year	(117,057)
Loans converted to grant in year	(13,184)
New accrued interest in year	50,583
As at 30 September 2024	3,105,457
LOAN INTEREST IMPAIRMENT PROVISIONS:	
As at 1 October	1,981,299
New provisions during the year	17,272
Release of impairment provisions on loans converted to grant	-
Withholding tax movement in year	(84,547)
As at 30 September 2024	1,914,024
Net accrued interest as at 30 September 2024	1,191,433
Net accrued interest as at 30 September 2023	1,097,112

14 DEBTORS

	2024	2023
Debtors due within one year:	£	£
Prepayments and accrued income	127,415	111,403
Other	853,859	1,426,641
TOTAL	969,774	1,538,044

15 CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	2024	2023
	£	£
Trade Creditors	57,381	64,226
Taxation and pension costs outstanding	54,287	38,496
Accruals	66,735	212,495
Deferred rent	26,777	24,080
Holiday pay accrual	48,174	90,682
TOTAL	253,354	429,979

16 CREDITORS – AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2024	2023
	£	£
Deferred rent	104,970	131,747
TOTAL	104,970	131,747

	2024	2023
Movement on Deferred Rent during the year was as follows:	£	£
Balance as at 1 October	155,827	163,002
Accrued rent utilised during the year	(24,080)	(7,175)
At 30 September	131,747	155,827

Analysis of debt maturity:

In one year or less or on demand	26,266	24,080
In more than one year but not more than two years	26,266	24,080
In more than two years but not more than five years	71,300	72,240
In five years or more	7,915	35,427
	131,747	155,827

Reall entered into a premises lease which began on 14 February 2020 for a period of ten years. The lease allowed for a reduced rent period of 20 months, the benefit of which is being spread over the life of the lease. The analysis of this is shown above.

17 CASH FROM OPERATING ACTIVITIES

	2024	2023
	£	£
Net expenditure for the year (as per the Statement of Financial Activities)	(3,704,264)	(7,449,116)
Adjustments for:		
Amortisation of intangible assets	33,251	72,373
Depreciation	57,494	96,838
Profit / (Loss) on disposal of fixed assets		
Movement in pension provision	(88,103)	68,000
(Increase) in debtors	556,770	572,485
Increase in creditors	(203,403)	(220,970)
Transfer of remedial projects to Debtors		
Transfer of investment to Debtors		
Interest receivable	(11,748)	(4,427)
Unrealised exchange rate losses on loans	1,317,781	4,072,257
Exchange rate losses / (gains) on cash and cash equivalents due to exchange rate movements	172,956	16,220
Loans converted to grant or written off	355,992	106,424
Impairment movement	(206,761)	1,656,002
Impairment of Remedial Projects		
Movement on accrued interest on loans	12,383	(106,705)
NET CASH GENERATED BY OPERATING ACTIVITIES	(1,707,652)	(1,120,619)

18 ANALYSIS OF CASH AND CASH EQUIVALENTS

	2024	2023
	£	£
Cash in hand and at bank	1,328,496	1,583,791
	1,328,496	1,583,791

19 PENSION COMMITMENTS

	2024	2023
	£	£
DEFINED BENEFIT LIABILITY	332,897	421,000

Reall participates in three schemes under the Social Housing Pension Scheme ("SHPS") that are managed by The Pensions Trust. Two schemes are Defined Contribution Schemes, one being a designated auto-enrolment scheme and the other a Higher Rate Defined Contribution Scheme.

DEFINED CONTRIBUTION SCHEME

This scheme was set up to enable Reall to meet its obligations with regard to auto-enrolment. The assets of this scheme are held separately from those of Reall and are administered separately from the assets of the Reall Defined Benefit Scheme. The pension charge represents contributions payable by Reall to the fund during the period and amounted to £17,790 (18-month period to 31 March 2023: £47,440). Contributions totalling £nil (in relation to the September 2024 payroll deductions) were due to the fund as at 30 September 2024 (30th September 2023: £nil).

HIGHER RATE DEFINED CONTRIBUTION SCHEME

This scheme was set up to replace the closed Defined Benefit Scheme that the charity had been a member of for many years and is open to any employees who wish to join it instead of the auto-enrolment scheme. The assets of this scheme are held separately from those of Reall and are administered separately from the assets of the Reall Defined Benefit Scheme. The pension charge represents contributions payable by Reall to the fund during the period and amounted to £29,362 (18-month period to 30 September 2023: £89,462). Contributions totalling £nil (in relation to the September 2024 payroll deductions) were due to the fund as at 30 September 2024 (30 September 2023: £nil).

DEFINED BENEFIT SCHEME

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

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

The last completed triennial valuation of the scheme for funding purposes was carried out as at 30 September 2023. This valuation revealed a deficit of £700m. A recovery plan has been put in place with the aim of removing this deficit by 31st March 2028.

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

For accounting purposes, a valuation of the scheme is carried out with an effective date of 30 September each year, with the latest accounting valuation being with an effective date of 30 September 2024.

The liabilities are compared, at the relevant accounting date, with the company's fair share of the Scheme's total assets to calculate the company's net deficit or surplus.

CONTINGENT LIABILITY DISCLOSURE

We have been notified by the Trustee of the Scheme that it has performed a review of the changes made to the Scheme's benefits over the years, and the result is that there is uncertainty surrounding some of these changes. The Trustee has been advised to seek clarification from the Court on these items. This process is ongoing, and the matter is unlikely to be resolved

before the summer of 2025 at the earliest. It is recognised that this could potentially impact the value of Scheme liabilities, but until Court directions are received, it is not possible to calculate the impact of this issue, particularly on an individual employer basis, with any accuracy at this time. No adjustment has been made in these financial statements in respect of this potential issue.

FAIR VALUE OF PLAN ASSETS, PRESENT VALUE OF DEFINED BENEFIT OBLIGATION AND DEFINED BENEFIT (LIABILITY)

	2024	2023
	£'000	£'000
Fair value of scheme assets	1,830	1,558
Present value of defined benefit obligation	2,172	1,979
DEFICIT IN SCHEME	(342)	(421)

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION

	2024	2023
	£'000	£'000
Defined benefit obligation		
At start of year	1,979	3,475
Current service cost	-	-
Expenses	5	8
Interest expense	110	148
Member contributions	-	-
Actuarial losses (gains) due to scheme experience	(2)	(7)
Actuarial losses (gains) due to changes in demographic assumptions	(21)	(5)
Actuarial losses (gains) due to changes in financial assumptions	137	(1,564)
Benefits paid and expenses	(36)	(59)
DEFINED BENEFIT OBLIGATION AT END OF YEAR	2,172	1,979

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE FAIR VALUE OF SCHEME ASSETS

	2024	2023
Scheme assets	£'000	£'000
At start of year	1,558	3,122
Interest income	89	131
Experience on plan assets (excluding amounts included in interest income – gain (loss))	112	(1,801)
Employer contributions	107	165
Member contributions	-	-
Benefits paid and expenses	(36)	(59)
FAIR VALUE OF PLAN ASSETS AT END OF YEAR	1,830	1,558

DEFINED BENEFIT COSTS RECOGNISED IN STATEMENT OF FINANCIAL ACTIVITIES

	2024	2023
	£'000	£'000
Expenses	5	8
Net interest expense	21	17
DEFINED BENEFIT COSTS RECOGNISED IN SOFA	26	25

DEFINED BENEFIT COSTS RECOGNISED IN OTHER RECOGNISED GAINS & LOSSES

	2024	2023
	£'000	£'000
Experience on plan assets (excluding amounts included in net interest cost) – gain (loss)	112	(1,801)
Experience gains and losses arising on plan liabilities – gain (loss)	2	24
Effect of changes in demographic assumptions underlying the present value of the defined benefit obligation – gain (loss)	21	5
Effect of changes in financial assumptions underlying the present value of the defined benefit obligation – gain (loss)	(137)	1,564
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable)-gain (loss)	(2)	(208)
Effect of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost)	-	-
TOTAL AMOUNT RECOGNISED IN OTHER RECOGNISED GAINS & LOSSES	(2)	(208)

**DEFINED BENEFIT COSTS RECOGNISED IN OTHER RECOGNISED
GAINS & LOSSES ASSETS**

	30 September 2024	30 September 2023
	£'000	£'000
Global Equity	121	121
Absolute Return	28	28
Distressed Opportunities	55	55
Credit Relative Value	55	55
Alternative Risk Premia	23	23
Liquid Alternative	294	-
Emerging Markets Debt	74	12
Risk Sharing	-	112
Insurance-Linked Securities	6	22
Property	70	70
Infrastructure	-	176
Private Equity	1	-
Reall Assets	190	-
Private Debt	-	72
Opportunistic Illiquid Credit	-	80
Private Credit	227	-
High Yield	-	3
Cash	30	15
Corporate Bond Fund	34	-
Liquid Credit	10	-
Long Lease Property	-	50
Secured Income	46	75
Liability Driven Investment	619	596
Currency hedging	4	(11)
Net Current Assets	3	4
TOTAL ASSETS	1,830	1,558

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

ASSUMPTIONS

	2024	2023
	% per annum	% per annum
Discount rate	5.13	5.60
Inflation (RPI)	3.02	3.19
Inflation (CPI)	2.77	2.85
Salary growth	3.77	3.85
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

THE MORTALITY ASSUMPTIONS ADOPTED AT 30 SEPTEMBER 2024 IMPLY THE FOLLOWING LIFE EXPECTANCIES

	Life expectancy at age 65
	Years
Male retiring in 2022	20.5
Female retiring in 2022	23.0
Male retiring in 2042	21.8
Female retiring in 2042	24.4

20 UNRESTRICTED FUNDS

	2024	2023
General Unrestricted Funds:	£	£
Balance as at 1 October 2023	763,555	825,343
Other recognised gains / (losses)	-	(3,036)
Income	21,179	11,659
Expenditure	(30,649)	(70,411)
Transfers between funds	-	-
BALANCE AS AT 30 SEPTEMBER 2024	754,086	763,555

21 RESTRICTED FUNDS

	As at 1 October 2023	Other recognised gains/ (losses)	Income	Expenditure	Transfers between funds	As at 30 September 2024
	£	£	£	£	£	£
Programme Funds	19,748,218	(2,000)	33,311	(3,736,069)	-	16,043,460
Happold	51,794	-	30,000	(25,924)	-	55,870
SIFI	-	-	62,644	(56,756)	-	5,888
	19,800,012	(2,000)	125,955	(3,818,749)	-	16,105,218

PROGRAMME FUNDS

The investment programme has been funded by FCDO & Sida with some limited contributions from General Unrestricted Reserves. Reall co-ordinates the investment programme at the global/central level and development partners co-ordinate investment programme at the local level in the country concerned. Whilst these funds are to be used to deliver Reall's objectives and mission, we have presently identified these as restricted funds, although this may be revisited in future years. The 1 October 2023 balance has been restated to reflect the correct split of restricted funds, the total figures has not changed.

HAPPOLD FOUNDATION

Funding has been provided to support Reall's activities, including inclusion, gender equity, responding to the climate crisis and anti-racism across our programmes and governance

SIFI

To conduct feasibility and pre-implementation activities for the subsequent deployment of commercial risk guarantees to local financial institutions, alongside targeted support to unlock flows of finance for the construction of green affordable homes and their ownership by female-headed low-income households.

22 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Restricted funds	Unrestricted funds	Total funds
As at 30 September 2024:	£	£	£
Intangible assets	-	34,976	34,976
Tangible assets	-	276,101	276,101
Investments	14,455,991	-	14,455,991
Investments in subsidiaries	473,686	-	473,686
Net Current Assets	1,611,408	445,008	2,056,416
Creditors: amounts falling due after more than one year	(104,970)	-	(104,970)
Net Defined Benefit Scheme obligation	(330,897)	(2,000)	(332,897)
NET ASSETS AT 30 SEPTEMBER 2024	16,105,218	754,085	16,859,303
As at 30 September 2023:			
Intangible assets	-	68,227	68,227
Tangible assets	-	333,595	333,595
Investments	17,475,237	-	17,475,237
Investments in subsidiaries	547,400	-	547,400
Net Current Assets	2,306,218	385,637	2,691,855
Creditors: amounts falling due after more than one year	(131,747)	-	(131,747)
Net Defined Benefit Scheme obligation	(397,096)	(23,904)	(421,000)
NET ASSETS AT 30TH SEPTEMBER 2023	19,800,013	763,554	20,563,567

23 MEMBERS OF THE COMPANY

The company is limited by guarantee and thus does not have any issued share capital. Each member guarantees during their membership and for one year after membership ceases, the sum of £1 to the company in the event of

a winding up order. Details of members as at 30 September 2024 are included within the Directors Report. Any surplus on winding up is to go to a charity whose objects are of a similar nature.

24 FINANCIAL COMMITMENTS

As at 30 September 2024, the company had commitments under non-cancellable operating leases as set out below:

	2024	2023
Payable:	£	£
In less than one year	146,646	146,146
In two to five years	652,442	579,364
In more than 5 years	69,229	198,658
	868,317	924,668

Reall entered into a premises lease on 14 February 2020 for a period of 10 years. The lease allowed for a reduced rent period of 20 months, the benefit of which is being spread over the life of the lease. Reall has also entered into a lease for two printer / copiers, which began on 2 July 2020 for 60 months. The value of the lease payments is reflected above.

25 RELATED PARTY TRANSACTIONS

The following transactions with joint ventures and associates as detailed in note 12 have taken place as set out below:

	Sheltersol Holdings	SEWA Nirman Private	Ansaar Management Company (Private)	Syntellect
2024 Programme related Investments:				
Gross interest-free loans	1,516,636	-	301,039	-
Gross interest-bearing loans	3,357,666	-	3,182,485	-
Gross equity investments	-	4,484,438	178,830	368,570
Impairment provision	(3,932,213)	3,104,438	-	(73,714)
NET LOANS AS AT 30 SEPTEMBER 2024	942,089	1,380,000	3,662,354	294,856
<i>Interest rate payable</i>	0-5%	0%	0-6%	0%
Grants:				
Non-repayable grants	-	-	-	5,000
TOTAL GRANTS YEAR ENDED 30 SEPTEMBER 2024	-	-	-	-
Invoiced to Reall for services	-	-	-	35,621

26 FINANCIAL INSTRUMENTS

The carrying amount of the charity's financial instruments at 30 September 2024 was:

	2024	2023
Financial assets:	£	£
Cash	1,328,496	1,583,791
Loans measured at cost less impairment plus accrued interest	14,455,991	17,475,237
TOTAL	15,784,487	19,059,028
Financial liabilities:		
Other measured at amortised cost	215,077	405,899
TOTAL	215,077	405,899

Charity registered in England & Wales No. 1017255
Company Registration No. 2713841

reall.net



REALL LIMITED

England & Wales - Charity number 1017255

Accounts

Charity registered in England & Wales No. 1017255
Charity registered in Scotland No. SC041976
Company Registration No. 2713841

Reall Limited
a company limited by guarantee

Annual Report & Financial Statements
for the 18 month period ended 30 September 2023



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REALL LIMITED

Charity and Company Information

Name of Charity	Reall Limited
Charity Registration Numbers England & Wales Scotland	1017255 SC041976
Company Registration Number	2713841
Chief Executive	Ian Shapiro
Registered Office & Principal Address of the Charity	6th Floor, Friars House Manor House Drive Coventry CV1 2TE UK
Auditors	Crowe U.K. LLP 4 th Floor, St James House St James Square Cheltenham GL50 3PR
Solicitors	<i>Weil, Gotshal & Manges</i> 110 Fetter Ln, Holborn London EC4A 1AY (pro bono) <i>Devonshires Solicitors</i> 30 Finsbury Circus Finsbury London EC2M 7DT
Bankers	<i>The Royal Bank of Scotland plc</i> 144 New Street Birmingham B2 4NY

Welcome to our Annual Report and Financial Statements.

On behalf of the Board of Trustees, I am pleased to present the annual Trustees' Report and financial statements of Reall for the 18 month period ended 30 September 2023. These financial statements meet the requirements for both a Directors' Report and Accounts for Companies Act purposes.

It is important to note that the financial year ending March 2023 has been extended by six months, resulting in an 18 month period from April 2022 to 30 September 2023 following a reduction in contracted funding from the Swedish International Development Agency (Sida).

The report of the trustees provides an overview of Reall's objectives, vision, and mission as a UK-based international development organisation. It highlights the importance of green affordable housing in improving people's lives and achieving the Sustainable Development Goals. The report also addresses the challenges faced by Reall due to a reduction in contracted funding from the Swedish International Development Agency (Sida), outlines how Reall navigated through this period and established a solid sustainable position for the years ahead.

The Director's Duties and Board responsibilities in ensuring the ongoing viability of the organisation have been important during this period. On understanding the unanticipated reduction in contracted funding from Sida, the Board tasked the Executive with presenting strategies to protect the mission most effectively. The Board rigorously reviewed the strategies, agreed next steps and trigger points for alternative action. The Board adopted a biweekly cashflow review mechanism to closely monitor the financial position, making informed decisions, and ensuring compliance with the Reserves Policy. The Board oversaw cost control measures, restructuring, debt recovery efforts, and fundraising initiatives to provide assurance for Reall's long-term sustainability.

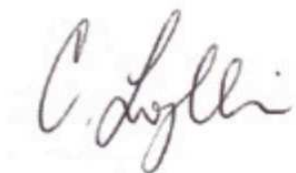
The Board is pleased to confirm that the key indicators have been met which greatly enhances our confidence in the next phase of Reall's crucial work. Transparency and communication with colleagues and partners continue to be paramount. The strengthening management of the outstanding loan book provides confidence that sufficient funds will revolve into Reall to be deployed for the organisational mission over the coming years. Invested funds from numerous jurisdictions have been repatriated successfully broadly as forecast. The organisational plan adopted is on track and there are strong grounds for optimism of the impact Reall can have in the years and decades to come. Inevitably, there is a level of material uncertainty when relying on repatriating funds from Reall's key markets. The pipeline of fund repatriation for the coming years looks healthy, although there are factors beyond Reall's control that could affect the timing. Reall works with impact-focused organisations delivering challenging green affordable homes against a backdrop of rising costs and volatility. The largest single uncertainty was with Pakistan, where the Government and State Bank halted all international payments (not a Reall-specific issue) for an extended period, delaying repayments by nearly two years. This obstacle has been overcome and funds are now flowing from Pakistan which further increases our levels of assurance. Reall remains exposed to a future shock and therefore, some material uncertainty remains with funds forecast to be repatriated to the UK from diverse jurisdictions over the next twelve months and beyond. The strengthening of Reall's portfolio management increases our confidence that these risks are mitigated, though not removed. Management have undertaken appropriate sensitivity analysis on the future cashflow which reinforces our confidence that the material uncertainty will be professionally navigated. Even if anticipated funds are unexpectedly delayed, there are alternative options available that can be exercised to accelerate funds from other parts of the portfolio (which sits at £17.5 million post impairment). In parallel, there are further cost control options which could be considered if necessary and the prospect of successful fundraising which could reduce our expenditure and boost our income.

REALL LIMITED

Chair's Report for the 18 month period ended 30 September 2023

Alongside navigating the challenges faced by Reall in 2023, the Board was pleased to report numerous achievements during this period. These include the successful selection of Reall to support the Government of Kenya with their housing programme, placing them on a pre-approved panel and allowing the government to select them for work. The embedding of Reall's international credibility as a leading player in green affordable homes that was manifest in the visit from US impact investor Development Finance Corporation (DFC) in February 2023 and winning highly competitive grant funding from The Convergence team managing the SDG Impact Finance Initiative (SIFI). These examples provide energy and momentum to our innovative work and a new strategic source of funding with opportunities to open doors to other funders. This allied to other new contracts, together with the development of new financial instruments and an adapted grant fundraising approach provides encouraging signs of success and confidence that the adapted business model will be a genuine success in 2024 and beyond.

Overall, the report highlights Reall's significant achievements in overcoming the challenges faced and the potential to continue making a positive impact in promoting green affordable housing in urban Africa and Asia. An issue that is crucial if the planet is to tackle poverty, inequality, urbanisation and the climate crisis.



Chris Loughlin

Chair

Date: 1st May 2024

REALL LIMITED

Trustees Report (including Directors Report)

For the 18 month period ended 30 September 2023

Introduction

We present Reall's annual Trustees' Report and financial statements for the period ending 30 September 2023, meeting the Directors' Report and Accounts requirements. The financial year covers an 18 month period from April 2022 to 30 September 2023.

The report outlines Reall's mission as a UK-based international development organisation focused on green affordable homes to impact lives, achieve the SDGs, and address the climate crisis. Despite challenges from reduced funding from Sida, Reall has implemented measures for long-term sustainability and impact. The report showcases achievements in climate-smart affordable housing and highlights successful initiatives, collaborations, and advocacy efforts in sustainable urbanisation.

Reall continues to pursue alternative capital-raising strategies and remains committed to its mission in urban Africa and Asia through a sustainable business model.

Vision and Mission

Reall is a UK-based international development organisation focused on building an affordable housing movement in urban Africa and Asia. Since 1992, Reall has worked to make affordable housing accessible to lower income groups and has recently expanded to include climate solutions for zero carbon housing.

Affordable homes are seen as essential for human potential, gender equality, and addressing climate challenges. The global housing crisis affects over 1.2 billion people living in substandard conditions. Reall aims to tackle this crisis and create sustainable housing solutions. The organisation introduced new organisational values to support its mission during the reporting period.

Accountability: We hold ourselves accountable for our actions and outcomes, ensuring that we deliver on our promises and uphold the trust placed in us by our partners and stakeholders

Enterprising: We approach our work with a spirit of entrepreneurship, constantly seeking innovative solutions and pursuing opportunities for growth and improvement.

Curiosity: We foster a culture of curiosity, encouraging questioning and learning to ensure that we stay at the forefront of the affordable housing sector, adapting to evolving challenges and opportunities

Respect: We treat every individual with respect, valuing diversity, and fostering inclusive partnerships. We believe that collaboration and mutual respect are essential for achieving meaningful and sustainable impact.

A Period of Challenge and Change

Reall faced challenges due to a reduction in contracted funding from Sida following the Swedish elections in October 2022. In February 2023 Sida informed Reall that the final two instalments of 45m SEK (£3.45m) would not be distributed. The contract remains live until 2027, though no further funding is anticipated. After more than 15 years of support, this was significant, and the organisation explored diverse scenarios to navigate through this unanticipated change.

REALL LIMITED

Trustees Report (including Directors Report)

For the 18 month period ended 30 September 2023

After considering the options, the Board decided to proceed with a Restructure & Refocus Plan. This plan involved restructuring, redundancies, program cost reductions, and streamlining running costs. The plan aimed to ensure financial sustainability while maintaining the mission of green affordable homes. The plan reduced the cost base by restructuring and redundancies (44 to 29 posts, saving £60k monthly), consolidating programme costs (reduction of £115k per month) and streamlining running costs. Cost control savings totalling 34% were achieved. Alongside these savings focus on debt recovery and exploring new fundraising. The Board closely monitored cashflow and regularly reviewed the plan to ensure sustainability.

In September 2023, a Serious Incident Report was submitted to the Charity Commission to explain the financial situation. The Charity Commission did not require any further actions unless the anticipated circumstances significantly deteriorated.

Governance: Governance remained robust throughout. Reall updated the Articles of Association and the Terms of Reference for the Audit Committee. Five Board members departed during this 18 month period and five new members joined.

Impact of Build Investment

During the reporting period, our investments led to the completion of 273 green affordable homes. These green homes benefited approximately 1,300 individuals with essential amenities and creating an estimated 1,300 jobs. Efforts were made to prioritise women's access to title deeds and ensure accessible house designs. Challenges such as government approval delays and land complexities were addressed in Burkina Faso, Ghana, and Nigeria to facilitate the sale and occupation of new homes.

Notable successes in construction during the period include the launch of The Affordable Housing Company (TAHC) in Nigeria, completion of The Millard Fuller Foundation's Grand Luvu 3B project in Nigeria, and the success of Smart Havens Africa's Wololo project in Uganda, which secured further funding from Ezrah Charitable Trust.

Projects received International Finance Corporation (IFC) green EDGE certification, highlighting the benefits of building green and affordably compared to conventional construction methods. For example,

65 homes at Safiya Homes Lahore, Pakistan

- 34% improvements in energy efficiency.
- 42% improvements in water efficiency.
- 35% improvements in embodied energy in materials.

184 homes at Grand Luvu 3B Phase 1, Nigeria

- 54% improvements in energy efficiency.
- 33% improvements in water efficiency.
- 60% improvements in embodied energy in materials.

Reall continues to work with the IFC to promote these projects and demonstrate the viability of green affordable homes. EDGE certification of several other projects is ongoing.

Reflecting global challenges, including high inflation, loan repayments across parts of Reall's investment portfolio, especially in Pakistan and the Philippines, have been delayed. Elsewhere, extra impetus by the team on repayments and finding solutions to potential delays, are bearing

REALL LIMITED

Trustees Report (including Directors Report)

For the 18 month period ended 30 September 2023

fruit with strong confidence of repayments. The reduction in contracted funding has inevitably caused a reduction or pause in fresh investment into housing projects.

Reall continues to work closely with partners to support their business continuity and future pipeline in readiness for further investment as portfolio repayments come in and fresh funding is secured. Four new partnerships were formed during the period with green affordable housing developers and related companies working across the housing value chain, enabling Reall to deepen our impact and address market blockages.

Innovation and engagement to catalyse the market

Reall has enhanced its global presence by participating in conferences and events, garnering support from funders and governments to elevate the importance of green affordable housing. Initiatives included collaborations with UN-Habitat at the World Urban Forum 11 in Poland and presentations at the Climate Conference of the Parties in Sharm El-Sheikh (COP 27). Reall also engaged in workshops targeting local and national governments and financial institutions to promote solutions like mortgage finance and rent-to-own options.

The organisation remains active in networks such as Cities Alliance, Cities Climate Finance Leadership Alliance, and the Global Alliance for Buildings and Construction, fostering partnerships with organisations like UN-Habitat and Habitat for Humanity to drive impactful change in the housing sector. Progress was made in market data initiatives in Africa alongside partners like the Center for Affordable Housing Finance in Africa.

In 2022, Reall was recognised by the Global Innovation Lab for Climate Finance for its Green Affordable Housing Finance (GAHF) product, aimed at incentivising green housing construction and mortgages for low/middle-income clients. The innovative instrument was endorsed at New York Climate Week and secured seed financing for a pilot project in Kenya. Further fundraising efforts are underway to scale the impact of the initiative.

Business Development

To demonstrate the viability of green and affordable homes as impactful and commercially feasible ventures, construction projects are crucial. Reall established Green City Homes International Limited (GCHI) to construct over 3,000 green affordable homes across multiple countries, guided by financial, social, and climate considerations. GCHI has secured deal terms for the senior debt financing and is pursuing the requisite junior debt funding. A functional Board of Directors comprising Reall Trustees is in place.

Regarding new funding, Reall received grants from The Happold Foundation, Karandaaz, and the SDG Impact Finance Initiative. Progress was made in building out Reall's Global Advisory Services offering, leveraging its expertise to provide support in urban development, affordable housing, and related areas. Early achievements include participation in a framework agreement with the Government of Kenya for affordable housing.

REALL LIMITED

Trustees Report (including Directors Report)

For the 18 month period ended 30 September 2023

Financial review

The financial position at the end of the year is solid with a significant cash balance carried forward of £1.6 million. This year saw a lower level of investment with loans advanced of £3 million and 273 completed homes.

In respect of inflows, we received £1 million from partners in respect of loans and cancelled projects.

Reall advances loans to partners in local currency, which means that our loan portfolio is always subject to exchange rates fluctuations. We made an exchange rate loss of £4.5 million this year (2022: £1.4 million loss).

The trustees recognise that Reall operates in high-risk areas where the certainty of achieving the outcomes expected when loans are advanced is far lower than if we were operating in more developed countries. This means that there is also a greater need to recognise significant levels of loan impairment which could be released when outcomes are achieved. The catalytic nature of Reall's work means that a very low level of impairment would probably indicate an insufficient level of innovation and risk in our operations.

Reall continues to be responsible for the deficit within the Defined Benefit scheme in relation to the 6 affected current employees and the 35 deferred members and 5 pensioners. This means that deficit contributions will continue to be paid for as long as they remain due.

For financial years ending on or after 31 March 2019, it is now possible to obtain sufficient information to enable the charity to separately identify the liabilities of the defined benefit scheme. The latest accounting valuation was carried out with an effective date of 30 September 2023.

The deficit in the scheme is now £421K (2021: £929,000; 2022: £353,000) resulting from improved investment returns, the recovery plan payments, and some significant transfers out of the scheme.

Further details of the change are set out within Accounting Policies on page 25 and note 20 to these accounts.

Accordingly reserves reduced by £7.4 million (2022: reduction £6.6 million) with total reserves at the end of the year £21 million (2022: £28 million). Loan assets reduced from £21 million to £17 million.

Reserves and Liquidity Policies

The trustees review the reserves policy of the charity annually. The review encompasses the nature of the income and expenditure streams, the need to match income with commitments and the nature of the reserves.

The level of reserves is monitored through Reall's planning, budgeting, and forecasting processes, including through the approval of the annual budget before the beginning of the new financial year and monthly financial performance monitoring. We will include a statement of the reserves position in our quarterly financial reporting.

In the opinion of the trustees, the reserves of the charity are the unrestricted reserves together with the restricted reserves, excluding those reserves represented by fixed assets, programme related investments, or any designated reserves. Available reserves usually exclude restricted funds. In Reall's situation the restricted funds must be used to further the organisation's mission, which is equivalent to the unrestricted reserves and therefore considered in the broader available reserves' categorisation.

REALL LIMITED

Trustees Report (including Directors Report)

For the 18 month period ended 30 September 2023

Reserves are held to cover delays in the renewal of key funding streams as well as to provide a cushion for any unexpected business developments.

It is the Board's policy to carry forward, from one year to the next, a sufficient amount in the available reserves at an amount which, in the opinion of the Trustees, will cover the contracted operational costs and programme expenditure, in the event of a material decrease or shortfall in Reall's income arising from an end to agreed funding streams.

These "available reserves" will also include any unspent funds carried forward as at the year end. The available reserves are restricted £1.9m and unrestricted £0.4m, providing sufficient reserves to remain compliant with our Reserves Policy of six months operational expenditure.

This basis will be reviewed throughout the year and where our risk profile or significant event arises that could impact on our financial outlook, then the amount to be held will be reviewed.

We will also always aim to hold a cash balance equivalent to six months of overheads and employment costs.

All commitments under legally binding programme expenditure will be approved by the Board and only entered into after confirmation that funds to meet that obligation are secured and available.

On this basis the available reserves are calculated as follows:

Reserves	Restricted	Unrestricted	Total
£ million	£ million	£ million	
Total	19.8	0.8	20.6
Less:			
Tangible and intangible assets		(0.4)	(0.4)
Programme related investments	(17.5)	-	(17.5)
Available reserves	1.9	0.4	2.3

The approved budget for 23/24 has contracted and non-contracted expenditure as set out below. The contracted funds are predominantly focused on the people required to further Reall's mission and the supporting resources to deliver a fit-for-purpose organisation. The resources allocated are targeted at portfolio management, debt recovery, fund raising and impact providing assurance on the ability to continue to deliver the mission for the medium to long term.

	Non Contracted	Contracted	Total
	£ million	£ million	£ million
Retentions	0.0	0.1	0.1
Partner Investments Funding	0.3	0.0	0.3
Partner Grants	0.2	0.0	0.2
SPV investment	0.1	0.0	0.1
Pensions Recovery payments	0.0	0.1	0.1
Running and programme costs	0.2	1.7	1.9
	0.8	1.9	2.7

In consideration of the Board's stated Reserves policy and referencing to the two tables above, the planned actions on robust debt recovery from programme related investments, should provide

REALL LIMITED

Trustees Report (including Directors Report)

For the 18 month period ended 30 September 2023

additional available and unrestricted reserves. In addition to the executive management actively monitoring contracted running and programme costs, via up to date cash flow forecasts and the six months buffer mentioned previously, to ensure Reserves and Commitments do not significantly diverge without additional actions being considered.

Fundraising

Reall has a dedicated Fundraising Team within its staff complement and raises the majority of its funds from large institutional investors and donors, and not from the public. As such, Reall does not have anyone who fundraises or campaigns for funds on its behalf. Reall receives nominal amounts of unsolicited donations raised by other organisations and individuals, who have chosen Reall as a beneficiary of their own charitable activities. These funds are treated as General Unrestricted Funds within the Statement of Financial Activities.

We work closely with our funders and investors to ensure that we are meeting the requirements of our funding agreements with them, and that we are reporting to them as needed on the progress of projects.

We have not received any complaints in the year about our fundraising activity.

We do not sell our supporters' details to anyone else, and all information on funders and investors is held securely and only accessed and managed by those staff who need to for their role. We work diligently to ensure that we are compliant with relevant legislation and codes of practice.

The Trustees consider that the activities of Reall meet the requirements of the public benefit requirements under the Charities Act 2011. Reall's activities and objectives are focused on the alleviation of poverty in Africa and Asia through the provision of affordable housing, clean water supplies, and improved sanitation to people on low incomes in those economies. Thereby, increasing the life opportunities of low income people in those societies. Since its formation in 1992 and supported by grants from the UK and Swedish Governments, Reall has worked with partners, contractors, governments, and finance institutions to build networks, advocate, and change policies, alongside the delivery of many thousands of affordable homes.

Grants and Investment policy

Reall provides loans and grants to its international partner organisations for work that supports the objectives, vision, and mission of the charity. The investment policy provides a framework for grant giving and investment as well as informing our research, consultancy, and advocacy work. In particular, Reall will:

- Provide loans and grants to partners for initiatives that have the potential to scale-up, attract other funding, and influence policy and practice.
- Make loans available for partners' initiatives only where other sources of finance are not available or appropriate.
- Loans are converted to grants where there is no possibility of recovery of outstanding loan amounts, but where there are completed projects of at least equivalent value to the original loan granted. These conversions are approved by Reall's Board and reported to funders.
- Make grants and loans to partners for initiatives within the context of a broader strategic partnership between Reall and the partner.
- Provide grants where a partner is affected by a disaster or emergency which affects the ongoing work of the partner.

REALL LIMITED

Trustees Report (including Directors Report)

For the 18 month period ended 30 September 2023

Going concern

The Board, in September 2023, reviewed a full-year budget for the year ending 30 September 2024 and cash flow projections through to 31 December 2024, requesting continual monthly cash flow submissions. The Board have been actively engaged with monthly meetings and reviews since then. The cash flow projections are now more detailed to September 2025 and headline numbers into future Financial Years.

The budget was set against the background of there being no funding from Sida despite their contract remaining live until 2027 and was underpinned by Partner loan repayments and asset sales. We have tested our latest cash flow projections to 30 September 2025 and remain viable without further grant funding. Noting there has already had to be a significant impact on our operations, with headcount being reduced by approximately 50%. During this 18 month period, we are expecting in excess of £8 million from loan repayments, cancelled projects, and recovery of these amounts is a continued focus.

Efforts to repatriate invested funds from diverse jurisdictions have yielded positive results in line with projections over recent months. Despite inevitable uncertainties associated with fund repatriation, the current outlook for the coming years appears promising, albeit subject to external factors beyond our control. While Reall continues to navigate challenges, particularly in delivering green affordable housing amid escalating costs and market volatility, significant strides have been made. Addressing a major hurdle, the resolution of payment restrictions by the central bank in Pakistan allowing fund repatriation to the UK has unlocked funds, further bolstering our assurance.

Recognizing the potential for future shocks akin to the Pakistan situation, the trustees have determined there is a material uncertainty regarding funds earmarked for repatriation, particularly in relation to the exact timing of repayments. The strengthening of Reall's portfolio management strategies including firm and fair negotiations with debtors serves to mitigate these risks as demonstrated in funds received, though we cannot entirely eliminate the risks. Management has conducted appropriate sensitivity analysis on future cash flows, reinforcing our confidence in navigating material uncertainties. Contingency plans are also in place to expedite funds from alternative parts of the portfolio, if necessary, alongside potential cost-saving measures and fundraising initiatives to fortify our financial position.

Reall has in place sufficient financial resources to finance the much-reduced committed investment programmes, alongside the day-to-day operations. Reall has also carried out stress tests of its current investment programme and has demonstrated that Reall is in a financially sound position and aims to continually achieve the internal reserves policy requirements. We have a comprehensive operating plan and objectives, the key focus being the securing of additional funding either in the form of grants or appropriate investment finance

On this basis, the Board has a reasonable expectation that Reall has adequate resources to continue in operational existence for the foreseeable future, being a period of at least twelve months after the date on which the report and financial statements are signed. For this reason, the Board adopts the going concern basis with a material uncertainty in the financial statements. Based on the timing of pipeline repayments and the alternative options at Reall's disposal the Board believe it is appropriate to continue to prepare the financial statements on a going concern basis.

Having assessed the circumstances, the Trustees have determined there is a material uncertainty as to the ability of the charitable company to continue as a going concern for the foreseeable future. The Trustees believe it is appropriate to prepare the financial statements on a going concern basis.

REALL LIMITED

Trustees Report (including Directors Report)

For the 18 month period ended 30 September 2023

Principal Risks and Uncertainty

Reall has continued to improve its risk management policies and practices to ensure that we continue to successfully manage the challenging political and economic environments in the regions in which we operate.

The Corporate Risk Register is the key risk management tool used by Reall for risk management. The Reall Executive Management team review the register monthly and the Audit Committee and Board review it at each of their meetings along with an assessment of our risk appetite and the alignment to our risk scoring.

We also maintain fraud risk and ICT cyber risk registers.

The key risk for Reall is in respect of securing future funding and this presently sits outside our risk appetite.

Reall had one major donor, the Swedish International Development Agency (Sida). The multi-year funding agreement signed in May 2019 amounted to £23 million. This report explains that not all of those funds are now expected to be provided to Reall. Reall has always recognised the risks of having a small number of donors and has strengthened the resources within the Fundraising team and also developed an investment proposal based on commercial principles with the objective of securing additional sources of long-term funding. These proposals have advanced, and detailed discussions are underway with a number of funders.

Reall performs its work of building houses for the people on low incomes through a network of delivery partners in Africa and Asia. Reall provides funding to these organisations with an agreement that repayments to Reall will be made once the partners have built and sold the houses. Reall has an extensive due diligence and partner management framework, including a dedicated Investment Committee to review all proposals before seeking Board approval. In addition, all partner investments are subject to legal agreements and regular credit control on loan repayments.

We also have Reall liquidity and reserves management policies, supported by comprehensive financial reporting and forecasting to assess our financial position and take appropriate mitigations where necessary.

Foreign exchange – Our loan portfolio is denominated in a range of currencies across a wide range of countries throughout our operating areas. Reall bears the foreign exchange risk on most of these loans, where in many cases the exchange rates can be very volatile – this means that the impact can be either positive or negative. We have reviewed our arrangements and reported to Audit Committee that significant mitigation through hedging or changing our lending model are currently either too expensive or not appropriate. However, Reall will continue to review hedging as a potential future strategy in case the market's appetite changes. We note that managing this risk will be fundamental to the success of our commercial loan funding.

Any investment proposal will consider this risk before any recommendations are made.

Health and Safety – Due to our areas of operation, visits to international partner organisations and their sites present risks to Reall staff that are above regular business travel risk. Reall has a range of bespoke safety arrangements that are in place and all staff required to travel receive full guidance on their induction which is updated subsequently as required.

Reputational – Actions taken by Reall's international partners have the potential to damage the reputation of Reall UK. In response Reall has developed and improved several key policies.

REALL LIMITED

Trustees Report (including Directors Report)

For the 18 month period ended 30 September 2023

These policies include risk management, safeguarding, modern slavery, fraud, whistleblowing, and anti-terrorist funding, etc. Relevant training has also been provided to employees and partner organisations.

Assurance - Reall works closely with co-assurance partners in-country to provide additional scrutiny. This includes more regular site visits by professionals to enhance the value-for-money of Reall's assurance work. We have engaged a number of in-country audit and professional service firms to support our assurance programme. Weaknesses in internal control systems and policy areas continue to be an area where further improvement is needed for some of our longer standing partners. Our newer operating approach and introduction of higher quality partners will take time to feed through.

In respect of Reall corporate control systems, we have revisited and updated our policy framework, including procurement and our anti-fraud policies, carried out an updated fraud risk review, and a cyber controls assessment. We have also carried out an updated compliance review on legislative requirements on Reall, including management of conflicts of interest and sanctions compliance. We have assessed controls as being effective through the operation of our assurance framework.

Governing Document

Reall was incorporated as a company limited by guarantee on 12 May 1992. It is governed by its Articles of Association, as amended by special resolutions, most recently in October 2023.

The revision of the Articles of Association that was completed amended the maximum period a trustee can serve from two terms to three terms of three years.

The objects of the Charity are:

- to provide financial and technical support (including without prejudice to the generality of the foregoing, entering into guarantees, contracts of indemnity and suretyships of all kinds) to charitable organisations and groups working to improve the shelter conditions of poor people in developing countries and elsewhere.
- to support the international exchange of information and experience on homelessness and related matters by facilitating linkage between groups and organisations worldwide.
- to make grants and loans to appropriate projects and to promote research into homelessness and related subjects in developing countries and elsewhere.
- to act as a centre for exchange of information on homelessness and related matters between organisations in the United Kingdom and throughout the world and in particular to encourage "linking" between charitable groups concerned with housing and homelessness in the UK and similar groups elsewhere.

Appointment of Trustees

Reall is governed by a Board who are directors of the company for the purposes of the Companies Act and trustees in charity law ("the Board" or "trustees"). Under the Articles of Association, the Board is formed from the trustees, who are independently appointed and consists of no less than 3 members with but no maximum number. Trustees are usually each appointed for a maximum of 9 years with the exception of the Chair, who can serve for an additional year. This can be extended in exceptional circumstances. After their term, former Trustees may not then return to the Board for a period of 3 years. The Board is empowered to co-opt further members, taking

REALL LIMITED

Trustees Report (including Directors Report)

For the 18 month period ended 30 September 2023

account of the skills needed, up to a maximum of 5 Board members. The Chair is elected by the Board.

Trustees are recruited through open advertising on job boards and promotion on our website. We actively encourage applications from all sectors of society regardless of ethnicity, gender or other protected characteristic.

Board

The Board meets quarterly, and also sets aside a day for strategic review. They also attend sub-groups and Committees as required. Through this period of uncertainty following Sida's funding withdrawal, the Board has met monthly. At Board meetings, the trustees receive reports on areas of operation, a report back from Audit Committee, and agree the corporate strategy and business plans. The strategy review is carried out each autumn with the Board and the Executive.

Outcomes from this exercise feed into business planning and staff development processes as well as the annual plan and budget, which is approved by the Board. The Board retain responsibility for the approval of the audited financial statements, the appointment of the Chief Executive, equity investments, the management of risk, and the internal controls framework.

The Board carries out a self- assessment each year of how the Board has been operating and to identify any gaps in the governance framework or where additional skills are required.

The Chief Executive is appointed by the trustees to manage the day-to-day operations of Reall, subject to the direction of the Board and any restrictions set out within the Articles of Association. To facilitate effective operations, the Chief Executive has delegated authority, as set out in the Schedule of Delegated Authority, for all operational matters including finance, employment, and operations.

Audit Committee

The Audit Committee meets quarterly and provides oversight of finance, assurance and risk management, and reports the work of the Committee to the Board in accordance with the governance timetable of meetings.

REALL LIMITED

Trustees Report (including Directors Report)

For the 18 month period ended 30 September 2023

DIRECTORS REPORT

Directors and Trustees since 1st April 2022:

Name	Specialism	
Chris Loughlin (Chair)	Organisational leadership, regulation and investor relations, government, and policy	
Steven Troop	Treasury management, investment, and banking	
Diana Mitlin	Urban housing development and governance, academia, research, emerging markets	
Sarah Smith	Finance, Audit, Regulation, Governance and Business Planning in UK Social Housing	
Dhaval Monani	Housing policy, Financial inclusion, Urban sustainability, Affordable housing solutions, Urbanization strategies and Self build homes 7. Advisory roles in the field of housing and infrastructure development.	Appointed September 2022
Hakeem Ogunniran	Property development, Investment, Fundraising, Housing finance and expertise on housing development and infrastructure related issues in Africa	Appointed September 2022
Victoria Jardine	Charity and third sector governance, Contractual and constitutional matters, Regulatory matters, strategic initiatives, structural changes, and diversification within the social housing sector, Group structures and mergers, Urban regeneration projects, Major property developments and Joint ventures and collaborative working arrangements.	Appointed November 2023
Ranil De Silva	Finance and accounting, Commercial and Charity sector, risk management, Complex reporting and operational structures	Appointed November 2023
Friedemann Roy	Strategist and Advisor - Investment, Consulting, Emerging Markets, Real Estate	Appointed January 2024

Resignations:

Kate Wareing	UK and international Housing, Leadership, organisational development	Resigned June 2022
Aqualine Suliali	Construction, Investment and Project Management in Social Housing in emerging overseas markets	Resigned September 2022
Andrea Marmolejo	Emerging and frontier financial markets Asia and Africa, impact investment	Resigned June 2023
Sana Malik	Urban and real estate planning in developing countries, Advocacy,	Resigned September 2023
Paul Hackett	Construction, organisational leadership and governance, investment, and housing	Resigned December 2023

REALL LIMITED

Trustees Report (including Directors Report)

For the 18 month period ended 30 September 2023

Trustee Induction and Training

All newly appointed trustees follow a standard induction process that includes an initial meeting with the Chief Executive as well as the completion of a skills analysis to establish the specialism that the new member brings to the Board. A formal induction pack provides information on Reall's background and aims, its legal and governance structure, and staffing structure. Members receive briefings from staff on relevant changes to legislation and the impact that this has on the activities of the organisation or the way in which they carry out their role.

Board members play an active role in attending forums and events, including with key donors and other stakeholders. Training is provided to Board members as required, and trustees have access to articles and research material stored for access on a restricted SharePoint site.

A review of Trustee performance is carried out by the Chair.

Third Party Indemnity Provision for Directors

Qualifying third party indemnity provision is in place for the benefit of all trustees of Reall.

Pay Policy for Senior Staff

The directors consider that the Board, who are the trustees of Reall, and the senior management team (as set out in the table below) comprise the key management personnel in charge of directing and controlling, running, and operating Reall on a day-to-day basis.

The pay of the senior staff is reviewed regularly following a formal review carried out by external consultants, considering benchmarking against similar organisations and the salary market more generally. The remuneration of the senior management team is detailed in note 8 to these accounts.

Remuneration

None of the trustees receives any remuneration or other benefit from their work with Reall. They are entitled to receive expenses to reimburse them for the costs of carrying out their role as trustees.

Executive Team

Ian Shapiro	Chief Executive
Patrick Domingos-Tembwa	Commercial Build & Transitions Director (from 1 st July 2023)
Lucy Livesley	Governance & External Affairs Director (from 1 st July 2023)
Mewahib Mohammed	Programme & Business Development Director (from 1 st July 2023)
Noel Grace	Governance & Commercial Director to 21 st April 2022

Relationships with Other Organisations

Although, as indicated above, Reall is committed to achieving its objectives through partnership with other organisations, other than through its investments in certain companies as set out in note 12, it is not directly connected with any other charities or similar organisations.

New dormant subsidiary

Reall established Green City Homes International (GCHI) as a wholly owned subsidiary for future potential utilisation. GCHI was incorporated on 14 March 2023. GCHI was dormant throughout this period and did not trade.

REALL LIMITED

Trustees Report (including Directors Report)

For the 18 month period ended 30 September 2023

Donations in Kind

Reall is not dependent upon the services of unpaid volunteers. It has benefited from certain voluntary services, primarily uncharged professional advice, and assistance from supporting organisations and individuals. Such donations in kind are not included in the Statement of Financial Activities as they cannot be easily quantified and are not considered to be significant in the context of expenditure generally.

Trustees' Responsibilities in Relation to the Financial Statements

The trustees, who are also the directors of the company for the purposes of company law, are responsible for preparing a Trustees' Annual Report including Directors' Report, Strategic Report, and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the company and of the incoming resources and application of resources, including income and expenditure, of the company for that period. In preparing the financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently.
- Observe the methods and principles of the Charities SORP.
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to assume that the charity will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity, and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement as to Disclosure to our Auditors

In so far as the trustees are aware at the time of approving our Trustees' Annual Report:

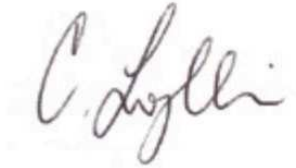
- There is no relevant information, being information needed by the auditor in connection with preparing their report, of which the auditor is unaware, and
- The trustees, having made enquiries of fellow directors that they ought to have individually taken, have each taken all steps that he/she is obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of the information.

REALL LIMITED

Trustees Report (including Directors Report)

For the 18 month period ended 30 September 2023

The Report of the Trustees prepared under the Charities Act 2011, which also contains all information required in a Directors' Report by the Companies Act 2006, and the incorporated Strategic Report prepared under the Companies Act 2006, were approved by the Board of Trustees on 18th March 2024 and signed on behalf of the Trustees by:



Chris Loughlin

Chair

1st May 2024

REALL LIMITED

INDEPENDENT AUDITORS REPORT TO THE TRUSTEES AND MEMBERS OF REALL LIMITED

Opinion

We have audited the financial statements of Reall Limited for the year ended 30 September 2023 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows, and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 charitable company's affairs as at 30 September 2023 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 Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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.

Material uncertainty related to going concern

We draw attention to the going concern accounting policy on page 26 in the financial statements, which indicates that there is uncertainty in respect of the timing of repayments of loans from partners. As stated in the accounting policy on page 26, these events or conditions, along with the other matters indicate that a material uncertainty exists that may cast significant doubt on the charitable company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

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

Other information

The trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

REALL LIMITED

INDEPENDENT AUDITORS REPORT TO THE TRUSTEES AND MEMBERS OF REALL LIMITED

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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit

- the information given in the trustees' report, which includes the Directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 16, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue 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.

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

We obtained an understanding of the legal and regulatory frameworks within which the company

REALL LIMITED

INDEPENDENT AUDITORS REPORT TO THE TRUSTEES AND MEMBERS OF REALL LIMITED

operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006 and The Charities and Trustee Investment (Scotland) Act 2005 together with the Charities SORP (FRS102) 2019.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company for fraud. The laws and regulations we considered in this context for the UK operations were Anti-fraud, bribery and corruption legislation and taxation legislation.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management, programme related investments and the timing of recognition of grant income. We refer you to the basis of qualified opinion section of our audit report. Our audit procedures to respond to these risks included enquiries of management and those charged with governance about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals and reviewing accounting estimates for biases, reviewing correspondence with the Charity Commission, reading minutes of those charged with governance, obtain confirmations of programme related investments and perform testing on the impairment balances, and sample testing of grant income.

Owing 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. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

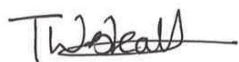
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

REALL LIMITED

INDEPENDENT AUDITORS REPORT TO THE TRUSTEES AND MEMBERS OF REALL LIMITED



Tara Westcott
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
4th Floor
St James House
St James Square
Cheltenham
GL50 3PR

Date: 08 May 2024

REALL LIMITED

Statement of Financial Activities (including Income and Expenditure Account)

For the 18 month period ended 30 September 2023

		Unrestricted Funds	Restricted Funds	2023	2022
	Notes	£	£	Total £ (18 month period)	Total £ (12 month period)
INCOME FROM:					
Donations and legacies	1	11,634		11,634	11,167
Other trading activities	1		152	152	263,598
Charitable activities	1	-	5,429,481	5,429,481	3,468,709
Investments	1	25	4,402	4,427	437
TOTAL INCOME		11,659	5,434,035	5,445,694	3,743,911
EXPENDITURE ON:					
Raising funds	5	6,586		6,586	9,284
Charitable activities	6	63,825	12,616,841	12,680,666	10,909,751
TOTAL EXPENDITURE		70,411	12,616,841	12,687,252	10,919,035
Net (expenditure) for the year		(58,752)	(7,182,806)	(7,241,558)	(7,175,124)
Transfers between funds	21	-	-	-	-
		(58,752)	(7,182,806)	(7,241,558)	(7,175,124)
Other recognised gains/(losses)					
Actuarial gains/(losses) in respect of pension scheme	20	(3,036)	(204,522)	(207,558)	526,500
NET MOVEMENT IN FUNDS		(61,788)	(7,387,328)	(7,449,116)	(6,648,624)
RECONCILIATION OF FUNDS:					
Balance brought forward at 1 April 2022		825,343	27,187,340	28,012,683	34,661,307
BALANCE CARRIED FORWARD AT 30 SEPTEMBER 2023	21/22	763,555	19,800,012	20,563,567	28,012,683

The income and expenditure all relates to continuing operations. There are no gains or losses other than the net income for the year. The notes on pages 28 to 51 form part of these accounts.

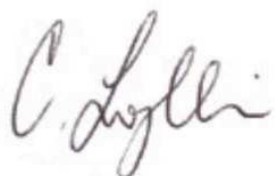
REALL LIMITED**Balance Sheet as at 30 September 2023**

Company registration Number: 2713841

		30 Sept 2023		31 March 2022	
	Note	£	£	£	£
Fixed assets:					
Intangible assets	10		68,227		76,105
Tangible assets	11		333,595		422,741
Investments:					
Subsidiary companies	12		547,400		178,830
Programme Related Investments	13		17,475,237		21,065,082
Total fixed assets			18,424,459		21,742,758
Current Assets					
Debtors falling due within one year	14	1,538,044		2,110,529	
Cash at bank and in hand	19	1,583,790		5,295,093	
Total Current Assets		3,121,834		7,405,622	
LIABILITIES:					
Creditors falling due within one year	16	(429,979)		(633,741)	
Net current assets			2,691,855		6,771,881
Total assets less current liabilities			21,116,314		28,514,639
Creditors falling due after more than one year	17		(131,747)		(148,956)
Net Assets excluding pension liability			20,984,567		28,365,683
Net defined benefit pension scheme obligation	20		(421,000)		(353,000)
TOTAL NET ASSETS			20,563,567		28,012,683
FUNDS:					
Restricted funds	22		19,800,012		27,187,340
Unrestricted income funds	21		763,555		825,343
TOTAL CHARITY FUNDS			20,563,567		28,012,683

The accounting policies and notes on pages 26 to 54 form part of these accounts.

The financial statements were approved by the Board of Trustees and authorised for issue on 1st May 2024 and are signed on its behalf by:



Chris Loughlin, Chair



Sarah Smith, Chair of Audit Committee

REALL LIMITED**Statement of Cash Flows****For the 18 month period ended 30 September 2023**

		2023 £ (18 month period)	2022 £ (12 month period)
Cash flows from operating activities:			
Net cash generated by operating activities	18	(1,120,620)	(816,223)
Cash flow from Housing Investment:			
Loans to Partners		(2,997,504)	(761,641)
Direct construction of homes		(368,570)	(478,680)
Disposal proceeds received as at year end for houses in Remedial Projects		0	971,209
Loans repaid by partners		859,371	2,952,283
		(2,506,703)	2,683,171
Cash flows from other investing activities:			
Bank interest received		4,427	437
Purchase of tangible fixed assets		(19,364)	(34,455)
Purchase of intangible assets		(52,824)	(46,964)
		(67,761)	(80,982)
Change in cash and cash equivalents in the year		(3,695,083)	1,785,966
Cash and cash equivalents at the beginning of the year	19	5,295,093	3,558,856
Change in cash and cash equivalents due to exchange rate movements		(16,220)	(49,729)
Total cash and cash equivalents at the end of the reporting period	19	1,583,790	5,295,093

The principal accounting policies adopted in the preparation of the financial statements are as follows:

General information

The charity is a company limited by guarantee and therefore has no share capital. It is a registered charity at the Charity Commission in England & Wales (registered number 1017255) and the Scottish Charity Regulator (OSCR) in Scotland (registered number SC041976). The liability of each member in the event of a winding up is limited to £1. The address of the Charity's registered office and principal place of business is 6th Floor, Friars House, Manor House Drive, Coventry, UK, CV1 2TE.

Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) – Charities SORP (FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Reall is taking exemption under FRS102 not to prepare consolidated accounts for incorporating the results on the entities in which Reall has an equity stake. This is under the grounds of non-control over the subsidiaries, and this is reviewed on an annual basis. The basis of non-control is further elaborated in note 12, therefore the accounts presented are for Reall Limited as a separate entity.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

Reall meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

Going concern

The Board, in September 2023, reviewed a full-year budget for the year ending 30 September 2024 and cash flow projections through to 31 December 2024, requesting continual monthly cash flow submissions. The Board have been actively engaged with monthly meetings and reviews since then. The cash flow projections are now to September 2025.

The budget was set against the background of there being no funding from Sida despite their contract remaining live until 2027 and was underpinned by Partner loan repayments and asset sales. We have tested our latest cash flow projections to 30 September 2025 and remain viable without further grant funding but noting there has already had to be a significant impact on our operations, with headcount being reduced by 50%. During this 18 month period, we are expecting in excess of £8 million from loan repayments, cancelled projects, and recovery of these amounts is a continued focus.

Efforts to repatriate invested funds from diverse jurisdictions have yielded positive results in line with projections over recent months. Despite inevitable uncertainties associated with fund repatriation, the current outlook for the coming years appears promising, albeit subject to external factors beyond our control. While Reall continues to navigate challenges, particularly in delivering green affordable housing amid escalating costs and market volatility, significant strides have been made. Addressing a major hurdle, the resolution of payment restrictions in Pakistan has unlocked funds, further bolstering our assurance.

However, recognizing the potential for future shocks akin to the Pakistan situation, the trustees have determined there is a material uncertainty regarding funds earmarked for repatriation, particularly in relation to the exact timing of repayments. The strengthening of Reall's portfolio management strategies including firm and fair negotiations with debtors serves to mitigate these risks as demonstrated in funds received, though we cannot entirely eliminate the risks. Management has conducted appropriate sensitivity analysis on future cash flows, reinforcing our confidence in navigating

REALL LIMITED

Accounting Policies (Continued)

material uncertainties. Contingency plans are also in place to expedite funds from alternative parts of the portfolio, if necessary, alongside potential cost-saving measures and fundraising initiatives to fortify our financial position.

Having assessed the circumstances, the Trustees have determined there is a material uncertainty as to the ability of the charitable company to continue as a going concern for the foreseeable future due to the timing of repayments from its partners. The Trustees believe it is appropriate to prepare the financial statements on a going concern basis.

Income

Income is recognised when the charity has entitlement to the funds, any conditions of receipt have been met, it is probable that the income will be received, and the amount can be measured reliably.

- Voluntary donations are accounted for in the period in which they are received.
- Legacies are accounted for as soon as the cash is received, or on an estate accounts basis when as soon as entitlement, probability of receipt and the amount can be measured reliably is known.
- Investment income is recognised on a receivable basis.
- Grants receivable income, where related to performance and specific deliverables, is accounted for as the Charity earns the right to consideration by its performance. Where income is received in advance of performance, its recognition is deferred and included in creditors. Where entitlement occurs before income is received, the income is accrued.

Expenditure

Expenditure is recognised as soon as there is a legal or constructive obligation committing the charity to the expenditure. The charity is not registered for VAT and consequently all costs are inclusive of VAT where applicable. Expenditure is classified under the following activity headings:

- Raising funds – include specific campaign and event costs and promotional material.
- Charitable activities – include grants made to international partner organisations to carry out work in line with our objectives. Grants paid in respect of the programme relate to expenses paid on behalf of partner organisations in relation to stakeholder events, low-value capital projects (where the partner is not sufficiently developed to be able to make loan repayments) and capacity building and project support. All other funds advanced to partners under the programme are made in the form of loans, which are referred to as Programme Related Investments for the purposes of these accounts.
- Charitable activities also include the direct costs of the investment programme. These direct costs include, for example, monitoring and evaluation (including our internal assurance programme), travel, consultancy fees, documentation production, and legal fees. Our disbursements of funds in the form of loans to international partner organisations, whilst being for charitable purposes, do not appear under Charitable Activities in the Statement of Financial Activities. These disbursements appear on our Balance Sheet as Programme Related Investments and are further broken down in note 13.
- Support costs include staff and general overhead costs as well as direct governance costs. They are apportioned across the various areas of activity both restricted and unrestricted in the following manner:
 - Salary and related costs (pension, national insurance, etc.) are allocated on a percentage basis according to the amount of time spent in each area.
 - General overhead costs are allocated according to the total proportion of staff time spent in that area.
 - Governance costs include the costs associated with meeting constitutional and statutory requirements. This includes the costs of the annual audit as well as Board meetings and other Trustees' expenses.

REALL LIMITED

Accounting Policies (Continued)

-
- Redundancy and termination costs only occur where absolutely necessary and are accounted for on an accruals basis when the commitment has been made.

Fund accounting

General Unrestricted Funds are available for use at the Trustees' discretion in furtherance of the charity's objectives. Restricted Funds are those donated and restricted for use in a particular area or for specific purposes.

Operating leases

All leases are "operating leases" and the annual rentals are charged to the Statement of Financial Activities on a straight-line basis over the lease term.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense. The holiday pay year for the charity ends on 31 December each year and employees are entitled to carry forward up to 10 days of any unused entitlement at the end of the calendar year. The cost of any unused entitlement is recognised in the period when the employee's services are received.

Foreign currencies

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the Balance Sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the Statement of Financial Activities.

Taxation

Tax recovered from voluntary income received under gift aid is recognised when the related income is receivable and is allocated to the income category to which the income relates.

Tangible & Intangible fixed assets

Tangible fixed assets are capitalised at cost and are depreciated over their useful economic lives as follows:

Computer equipment	- over 2 years (straight-line)
Furniture and fixtures	- over 4 to 10 years (straight-line)
Intangible assets	- over 3 years (straight-line)

Joint ventures and associates

Joint ventures and associates comprise equity shareholdings in international partner organisations in furtherance of our aims. These shareholdings are generally made in sterling and disclosed at cost although the underlying shares are denominated in the relevant local currency.

Investments in these entities are reviewed on an annual basis to ensure that their carrying value reflects the underlying assets and liabilities of each entity. Provisions for impairment are made where necessary and are taken to the Statement of Financial Activities. It is the opinion of the trustees that cost less provision for impairment represents the best estimate of the carrying value of the investments as at the Balance Sheet date.

Programme Related Investments

Programme Related Investments comprise loans issued to, and equity stakes in, international partner organisations for projects in furtherance of our aims. The majority of these loans or equity stakes are disbursed in the usual functional currency for the relevant partner.

Payments of the principal and any repayments of either principal or interest are initially disclosed in the Balance Sheet at cost using the exchange rate ruling at the date of the transaction. Exchange rate differences arising at the time of any repayment are taken to Charitable Activities in the Statement of Financial Activities.

REALL LIMITED

Accounting Policies (Continued)

Outstanding balances at the year-end are re-translated at the prevailing exchange rate at the Balance Sheet date, with any further exchange rate gains or losses also taken to the Statement of Financial Activities.

Due to the breadth of our loan portfolio across numerous countries there is the potential for material exchange rate fluctuations which could impact the total valuation of Programme Related Investments both positively and negatively. We monitor this on a cyclical basis throughout the year.

Each year, the Trustees consider the recoverable amount of each outstanding loan and make provisions for impairment based on a formal assessment carried out by management. Provisions for impairment are taken to the Statement of Financial Activities.

It is the opinion of the trustees that cost less provision for impairment represents the best estimate of the carrying value of the loans as at the Balance Sheet date.

Debtors

Other debtors and prepayments are recognised at the settlement amount.

Cash and cash equivalents

Cash and cash equivalents include cash and short-term liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Creditors and provisions

Creditors and provisions are recognised when the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount.

Financial instruments

The charity only has financial assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Pension costs

The charity participates in the Social Housing Pension Scheme (SHPS) which is a multi-employer scheme which provides benefits to some 500 non-associated employers in the UK. The charity participates in two separate active defined contribution schemes and one closed defined benefit scheme within SHPS as follows:

Defined Contribution Scheme

This scheme acts as the auto-enrolment scheme and all employees are automatically enrolled in the scheme when they join unless they opt to join the Higher Rate Defined Contribution Scheme. Contributions are charged to the Statement of Financial Activities in the year they are payable.

Higher Rate Defined Contribution Scheme

This scheme replaced the Defined Benefit Scheme that Reall had been a member of for many years and is open to any employees who wish to join it instead of the auto-enrolment scheme. Contributions are charged to the Statement of Financial Activities in the year they are payable.

Defined Benefit Scheme

This scheme was open to any employees who wished to join it until 1 October 2018 when the scheme was closed to new accrual. The closure took place following the outcomes from the autumn 2017 employer risk assessment, which indicated that Reall did not have a strong enough covenant to maintain an active Defined Benefit scheme under the scheme provider's rules.

REALL LIMITED

Accounting Policies (Continued)

For the first time in the year to 31 March 2019, it was possible to obtain sufficient information to enable the charity to account fully for the scheme as a defined benefit scheme. The deficit on the scheme is reported as a Defined Benefit Pension Scheme obligation on the Balance Sheet.

The net defined benefit asset/obligation represents the present value of the defined benefit obligation minus the fair value of scheme assets out of which obligations are to be settled.

The rate used to discount the benefit obligations to their present value is based on market yields for high quality corporate bonds with terms consistent with those of the benefit obligations. The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost. Net interest on the net defined benefit liability comprises the interest cost on the defined benefit obligations and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. These amounts are recognised within net income/expenses. Actuarial gains and losses and the difference between the interest income on scheme assets and the actual return on scheme assets are recognised in other recognised gains and losses.

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 Trustees have identified that the estimates and assumptions that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities within the next financial year are as follows:

- Programme Related Investments – provisions for impairment

Provisions for impairment as set out in note 13 are made based on a formal review carried out by management which focuses on a range of factors including compliance with loan repayment terms, delays in project implementation and the organisational and financial stability of the partner as well as external factors such as policy change or political interference. This is also informed by the assessment carried out by the internal assurance team, supported by KPMG, and regular reviews of the expected outcomes of the project against the initial business case. All our partners are relatively new organisations, and their operations are generally reliant on a small number of key individuals. In general, the Trustees consider that Programme Related Investments have limited realisable value if they are not repaid in accordance with the terms on which the investment was made.

- Equity stakes in partners – non-consolidation

The charity has several equity stakes in partners as set out in note 12 – Joint Ventures and Associates. The charity considers the substance of each of these investments where the shareholding would generally require that the results and net assets of the partners to be consolidated into the accounts of the UK charity. Note 12 sets out the rationale for the non-consolidation of each of the relevant partner entities, with the trustees regularly review to confirm the position, and, as a result, has not produced consolidated accounts.

- Equity stakes in partners – Nepal

The charity has taken equity stakes in its partner in Nepal because the legislation in that country does not allow the partner to receive loans from the charity. Loans advanced by Reall to this partner are therefore recognised as equity in the accounts of our Nepalese partner. The Trustees consider that the substance of these transactions remains that of a loan investment rather than an equity investment for the reasons disclosed in note 12. The equity stake has therefore been assessed and subjected to impairment using the same accounting policies as other Programme Related Investments.

- Equity stakes in partners and joint ventures and associates – provisions for impairment

REALL LIMITED

Accounting Policies (Continued)

Provisions for impairment as set out in note 12 are made based on a formal review carried out by management, which focuses on the net assets underlying the investment as well as the general financial stability of the partner. In general, the Trustees consider that these equity stakes have limited resale value on the open market if they do not continue to operate in accordance with the basis on which the investment was made.

- Defined Benefit Pension Scheme liabilities

The charity, in conjunction with the scheme actuary, assesses the assets and liabilities of the scheme, and hence the net liability at each year-end using a number of key assumptions including mortality rates, discount rates, inflation and salary growth in order to establish the fair value of the assets and liabilities at the Balance Sheet date. Further information in relation to the assumptions used to evaluate the deficit as of 30 September 2023 is set out in note 20 to these accounts.

REALL LIMITED

Notes to the Financial Statements for the 18 month period ended 30 September 2023

1 INCOME

	Unrestricted Funds	Restricted Funds	2023 (18 month period) Total £	2022 (12 month period) Total £
	£	£	£	£
Income from donations :				
General Donations	11,634	-	11,634	11,167
	11,634	-	11,634	11,167
Income from other trading activities:				
Other income	-	152	152	230,857
Profit on sale of Oakleaf assets	-	-	-	32,741
	-	152	152	263,598
Investment income (note 4)				
Interest on deposit accounts	25	4,402	4,427	437
	25	4,402	4,427	437
Income from charitable activities:				
Grants receivable: Statutory sources (note 2)	-	4,770,830	4,770,830	2,892,009
Trusts and foundations (note 3)	-	315,707	315,707	390,281
Other Donors (note 3)	-	-	-	-
Interest on loans	-	342,944	342,944	186,419
	-	5,429,481	5,429,481	3,468,709
TOTAL INCOME	11,659	5,434,035	5,445,694	3,743,911

2 STATUTORY GRANTS RECEIVABLE

	2023 (18 month period) £	2022 (12 month period) £
Communities Fund:		
Swedish International Development Co-operative Agency	4,770,830	2,892,009
	4,770,830	2,892,009

3 TRUSTS, FOUNDATIONS, AND OTHER GRANTS RECEIVABLE

	2023 £	2022 £
New Story Inc.		384,464
Ezrah Grant	238,257	-
Happold Foundation	60,000	-
Karandaaz Pakistan	17,450	5,817
	315,707	390,281

REALL LIMITED

Notes to the Financial Statements for the 18 month period ended 30 September 2023

4 INVESTMENT INCOME

Investment income consists of interest received and accrued on deposits with UK banks and overseas deposits.

	Unrestricted Funds	Restricted Funds	2023 (18 month period) Total	2022 (12 month period) Total
	£	£	£	£
Interest on deposit accounts:				
Investment Fund	-	-	-	-
HI Fund	25	-	25	106
Other	-	4,402	4,402	331
	<u>25</u>	<u>4,402</u>	<u>4,427</u>	<u>437</u>
 Interest on partner loans:			 342,944	 186,419
			<u>342,944</u>	<u>186,419</u>

5 EXPENDITURE ON RAISING FUNDS

	Unrestricted Funds	Restricted Funds	2023 (18 month period) Total	2022 (12 month period) Total
	£	£	£	£
Other fundraising costs	-	-	-	-
Support costs	6,586	-	6,586	9,284
Total cost of raising funds	<u>6,586</u>	<u>-</u>	<u>6,586</u>	<u>9,284</u>

REALL LIMITED

Notes to the Financial Statements for the 18 month period ended 30 September 2023

6 CHARITABLE EXPENDITURE

	Unrestricted Funds	Restricted Funds	2023 (18 month period) Total £	2022 (12 month period) Total £
	£	£	£	£
Investment Programme				
Capital and Capacity Grants (note 7)	-	446,617	446,617	389,612
		446,617	446,617	389,612
Loans and equity converted to grant (note 7)	-	108,224	108,224	872,502
Loans and equity written off	-	-	-	-
Provisions released on loan conversions and write-offs	-			(414,844)
Impairment provision movement on loans	-	1,656,002	1,656,002	3,785,769
Impairment provision movement on remedial projects	-		-	278,925
Exchange losses	-	4,498,317	4,498,317	1,449,994
	-	6,262,543	6,262,543	5,972,346
Support costs (Employees & Overheads)	-	4,794,372	4,794,372	3,194,217
Direct Operational Costs	-	1,113,309	1,113,309	1,322,363
	-	5,907,681	5,907,681	4,516,580
Other				
Direct – Interest payable on Reall Bond	-	-	-	-
Direct – Governance costs	-	-	-	-
Support costs (note 8)	63,825	-	63,825	31,213
	63,825	-	63,825	31,213
Total	63,825	12,616,841	12,680,666	10,909,751

REALL LIMITED

Notes to the Financial Statements for the 18 month period ended 30 September 2023

7 INVESTMENT PROGRAMME GRANTS

	2023 (18 month period)	2022 (12 month period)
	£	£
Grants Paid:		
Ansaar Management Company (Pakistan)	101,963	-
BXS Group Limited (Kenya)	-	60,861
Casa Real (Mozambique)	3,426	9,648
Janaadhar (India)	72,658	28,580
Janaagraha Centre for Citizenship & Democracy	1,970	
Kwangu Kwako Limited (Kenya)	16,366	82,340
Millard Fuller Foundation (Nigeria)	-	57,202
Modulus Tech (Private) Limited (Pakistan)	5,697	101,085
Oakleaf/Kuyasa Fund (South Africa)	-	34,897
Smart Havens Africa Limited (Uganda)	244,537	14,999
Total grants paid in year	446,617	389,612
Loans and equity converted to grants:		
Smart Havens Africa Limited (Uganda)	98,747	
Enterprise for Housing Development / Uganda Co-operative Alliance (Uganda)	-	40,280
Linkbuild/Philippine Action for Community-Led Shelter Initiatives Inc. (Philippines)	9,477	
SPARC Samudaya Nirman Sahayak, Mumbai (India)	-	832,222
Total capacity loans converted to grants in year	108,224	872,502

Capital funds are generally given to partners as loans rather than grants and these amounts appear as Programme Related Investments on the balance sheet (note 13). Grants which relate principally to capital projects totalled £441.2k (to 5 partners), these include grants to new partners & grants towards projects achieving EDGE accreditation (Excellence in Design for Greater Efficiencies). Other partners were awarded grants for research into topics which include climate & green building, affordable housing solutions gender dimensions in affordable housing, as well as sponsoring of travel & training for employees, this totalled £5.4k (to 2 partners).

REALL LIMITED

Notes to the Financial Statements for the 18 month period ended 30 September 2023

8 SUPPORT COSTS

The total support costs incurred during the year may be analysed as follows:

	Personnel Costs	Office Costs & Depreciation	2023 (18 month period) Total £	2022 (12 month period) Total £
	£	£		
Charitable expenditure (note 6)				
Programme support costs	3,536,483	1,257,888	4,794,372	3,194,217
Other unrestricted	47,211	16,614	63,825	31,213
	3,583,695	1,274,502	4,858,197	3,225,430
Raising funds (note 5)				
Support costs	4,846	1,740	6,586	9,284
Total support costs	3,588,541	1,276,242	4,864,783	3,234,714

Personnel costs include the following:

	2023 (18 month period) £	2022 (12 month period) £
Salaries and wages	2,994,526	2,013,773
Employer's social security	325,151	208,793
Pension costs (note 20)	136,902	96,531
Life assurance premium	9,935	6,367
	3,466,514	2,325,464
Consultants	122,027	55,560
	3,588,541	2,381,024

During the 18 month period to 30 September 2023 termination payments totalling £88,922 were paid/payable to seven employees as a result of cost saving measures, these included £32,484 of redundancy payments to six employees (12 month period to 31 March 2022: £nil).

Key Management Personnel are those having authority and responsibility, delegated to them by the trustees, for planning, directing, and controlling the activities of the charity. Remuneration for key management personnel, including employers' national insurance contributions and contributions to the pension scheme, amounted to £864,213 for the 18 month period. (12 month period to 31 March 2022: £568,385).

REALL LIMITED

Notes to the Financial Statements for the 18 month period ended 30 September 2023

The highest paid employees are as follows:

Band (excluding pension contributions and NI)	Number 2023 (18 month period)	Number 2022 (12 month period)
£220,000-£229,999	1	-
£150,000-£159,999	1	-
£140,000-£149,999	-	1
£130,000-£139,999	1	-
£120,000-£129,999	1	-
£110,000-£119,999	1	-
£90,000-£99,999	1	1
£80,000-£89,999	-	2
£70,000-£79,999	1	1
£60,000-£69,999	-	6

The average number of employees during the period was 41 (12 month period to 31 March 2022: 44).

All directors give of their time freely and no director (or person connected to any director) received remuneration in the period. Expenses have been paid to five (2022: five) directors totalling £5,641 (12 month period to 31 March 2022 : £459) during the period. This was to cover their travelling expenses incurred in attending meetings of the charity. Directors' Liability Insurance has been paid on behalf of the directors amounting to £2,996 (12 month period to 31 March 2022: £1,871).

9 EXPENDITURE

	2023 (18 month period)	2022 (12 month period)
	£	£
Defined Benefit Scheme – net interest expense	17,000	20,000
Auditor's remuneration – audit services	54,360	27,600
Auditor's remuneration – other services	1,440	-
Depreciation	169,212	100,081
Profit/(loss) on disposal of tangible fixed assets	-	10,569
Rent on office accommodation	180,600	113,617
Operating leases – plant and machinery	<u>3,250</u>	<u>2,167</u>

REALL LIMITED

Notes to the Financial Statements for the 18 month period ended 30 September 2023

10 INTANGIBLE ASSETS

	Software £	Total £
Cost		
As at 1 April 2022	133,741	133,741
Additions	52,824	52,824
Disposals	-	-
As at 30 September 2023	<u>186,565</u>	<u>186,565</u>
Depreciation		
As at 1 April 2022	57,636	57,636
Charge for the year	60,702	60,702
Disposals	-	-
As at 30 September 2023	<u>118,338</u>	<u>118,338</u>
Net Book Value		
As at 30 September 2023	<u>68,227</u>	<u>68,227</u>
As at 31 March 2022	<u>76,105</u>	<u>76,105</u>

REALL LIMITED

Notes to the Financial Statements for the 18 month period ended 30 September 2023

11 TANGIBLE FIXED ASSETS

	Computer Equipment £	Furniture, Fixtures & general equipment £	Total £
Cost			
As at 1 April 2022	95,510	489,627	585,137
Additions	15,878	3,486	19,364
Disposals	(11,368)		(11,368)
Reclassification			-
As at 30 September 2023	<u>100,020</u>	<u>493,113</u>	<u>593,133</u>
Depreciation			
As at 1 April 2022	67,928	94,468	162,396
Charge for the year	34,230	74,280	108,510
Disposals	(11,368)	-	(11,368)
Reclassification			-
As at 30 September 2023	<u>90,790</u>	<u>168,748</u>	<u>259,538</u>
Net Book Value			
As at 30 September 2023	<u>9,230</u>	<u>324,365</u>	<u>333,595</u>
As at 31 March 2022	<u>27,582</u>	<u>395,159</u>	<u>422,741</u>

These assets are used for administration and for the direct charitable purposes of the charity. Individual assets are not allocated to specific purposes.

REALL LIMITED

Notes to the Financial Statements for the 18 month period ended 30 September 2023

12. JOINT VENTURES AND ASSOCIATES

	Class of holding	Cost of investment	Proportion held	Aggregate capital and reserves	Results for the period	Nature of business
		£		£	£	
Sewa Nirman Private (incorporated in Nepal)	Limited	-	95%	3,429,802	46,302	Investment
Sheltersol Holdings (incorporated in Zimbabwe)	Limited	-	49%	(3,895,865)	(104,937)	Investment
Ansaar Management Company (Private) Limited (incorporated in Pakistan)	Limited	178,830	25%	1,103,674	(358,018)	Investment
Syntellect India PVT Ltd (incorporated in India)	Limited	368,570	14.3%	173,174	(151,310)	Investment
Green City Homes Investment (incorporated in England)	Limited	-	100%	1	-	Investment – Not active
		<u>547,400</u>				

Reall has made loans or grants to these companies, and these are recorded in Charitable Expenditure within the Statement of Financial Activities (grants) or in Programme Related Investments (note 13) (loans). We also hold shares in Lendco and AHS at nil value.

The figures for aggregate capital and reserves and results for the period set out in the table in this note have been extracted from the most recent unaudited management information available at the date of signing these Financial Statements – this is as at 30 September 2023.

In the case of Sewa, Nepalese law does not allow a Nepali entity to receive repayable loans (as is the usual practice for Reall) from a non-Nepali entity. In order to continue to invest in the Nepali partner, the funds advanced to Sewa have therefore been made in the form of part paid share capital and recorded as such in the books of Sewa. This means that Reall has a 95% equity stake in Sewa and as such it would be expected that the results of Sewa should be consolidated within the accounts of Reall. However, it is the opinion of the trustees, that there are substantial restrictions on our ability to do business in Nepal under our normal terms. It is their view that the substance of the relationship between Reall and Sewa is still one of loan provider/receiver and not one of parent and subsidiary.

REALL LIMITED

Notes to the Financial Statements for the 18 month period ended 30 September 2023

12 JOINT VENTURES AND ASSOCIATES (continued)

The basis for non-consolidation is that Reall doesn't have control over the entity. The results of Sewa have not therefore been consolidated into the accounts of Reall and the amounts advanced have been separately shown as equity investments within Programme Related Investments. No other cost has been attributed to Reall's holdings in Sewa.

During the year Reall created a wholly owned UK subsidiary called Green City Homes Investment this is currently non trading & so has no results to consolidate.

The movement in the carrying value of joint ventures and associates over the year is as follows:

	2023 (18 month period) £	2022 (12 month period) £
Balance at 1 April	178,830	1,244,242
Additions in the year	368,570	-
Disposals in the year	-	(1,065,412)
At 30 September	<u>547,400</u>	<u>178,830</u>
Impairment at 1 April	-	-
Impairment provisions in the year	-	-
At 30 September	<u>-</u>	<u>-</u>
Net Book Value at 30 September	<u>547,400</u>	<u>178,830</u>

The registered addresses of these joint ventures and associates are as follows:

Sewa Nirman Private	Ward No 3, Lalitpur Sub-Metropolitan City of Lalitpur District, Nepal
Sheltersol Holdings	50 Bradfield Road, Hillside, Harare, Zimbabwe
Ansaar Management Company	31/10-A, Abu Bakr Block, New Garden Town, Lahore, Pakistan
Syntellect India PVT	C 802 Golden Square Cst Road Sundar Nagar Extension Kalina Santacruz East Mumbai MH 400098 IN.
Green City Homes International	6th Floor, Friars House, Manor House Drive, Coventry CV1 2TE, UK

REALL LIMITED

Notes to the Financial Statements for the 18 month period ended 30 September 2023

13 PROGRAMME RELATED INVESTMENTS

	2023 (18 month period) £		2022 (12 month period) £
Loans	16,271,421		19,967,970
Accrued interest on loans	1,203,816		1,097,112
	<u>17,475,237</u>		<u>21,065,082</u>
LOANS	Loan Fund £	Equity Investments £	Total £
Gross investments – loans:			
As at 1 April 2022	33,738,360	5,028,746	38,767,106
New loans advanced during the year	2,990,744	-	2,990,744
Impact of Linkbuild reallocation	6,760	-	6,760
Loans converted to grant	(106,424)	-	(106,424)
Loans written off	-	-	-
Loans repaid in cash from cancelled projects	(728,680)	-	(728,680)
Loan repayments made	(130,691)	-	(130,691)
Exchange rate losses on translation	(5,259,644)	(89,364)	(5,349,008)
As at 30 September 2023	<u>30,510,425</u>	<u>4,939,382</u>	<u>35,449,807</u>
Impairment provisions:			
As at 1 April 2022	15,317,889	3,481,247	18,799,136
Impairment movement in the year	1,656,002	-	1,656,002
Release of impairment provisions on loans converted to grant	-	-	-
Exchange rate (losses)/gains on revaluation	(1,214,888)	(61,864)	(1,276,752)
As at 30 September 2023	<u>15,759,003</u>	<u>3,419,383</u>	<u>19,178,386</u>
Net investments as at 30 September 2023	<u>14,751,422</u>	<u>1,519,999</u>	<u>16,271,421</u>
Net investments as at 31 March 2022	<u>18,420,472</u>	<u>1,547,499</u>	<u>19,967,970</u>

REALL LIMITED

Notes to the Financial Statements for the 18 month period ended 30 September 2023

13 PROGRAMME RELATED INVESTMENTS (continued)

All loans are concessionary loans, with a typical term of 5-7 years. Loans advanced since the end of 2014 have generally been interest bearing at varying rates (generally between 5% and 6%). As at 30 September 2023, 65% (31 March 2022: 55%) of the current loan portfolio is interest-bearing.

Reall's loans are largely denominated in local currency and all exchange gains and losses are absorbed into/by the funding portfolio. We operate in a number of countries with volatile currencies and as such the valuation of our loan portfolio can vary significantly over relatively short time periods.

These recoverable amounts are subject to loan impairment (shown above).

	2023 (18 month period) £	2022 (12 month period) £
Analysis of gross loans by debt maturity:		
Amounts payable:		
In one year or less or on demand	18,609,627	12,985,213
In more than one year but not more than two years	7,955,535	6,525,705
In more than two years but not more than five years	3,431,407	13,123,040
In five years or more	5,453,238	6,133,148
	35,449,807	38,767,106

ACCRUED INTEREST ON LOANS

	Loan Funds £
Gross accrued loan interest:	
As at 1 April 2022	2,948,514
Interest repaid in cash in the year	(168,199)
Loans converted to grant in year	(1,897)
New accrued interest in year	406,697
As at 30 September 2023	3,185,115
Loan Interest Impairment provisions:	
As at 1 April 2022	1,851,402
New provisions during the year	77,301
Release of impairment provisions on loans converted to grant	(1,897)
Withholding tax movement in year	54,493
As at 30 September 2023	1,981,299
Net accrued interest as at 30 September 2023	1,203,816
Net accrued interest as at 31 March 2022	1,097,112

REALL LIMITED**Notes to the Financial Statements for the 18 month period ended
30 September 2023****14 DEBTORS**

	2023 (18 month period)	2022 (12 month period)
	£	£
Debtors due within one year:	111,403	109,863
Prepayments	1,426,641	2,000,666
Other	<u>1,538,044</u>	<u>2,110,529</u>

15 REMEDIAL PROJECTS

	2023 £	2022 £
Gross Investment – Remedial Projects:		
Balance as at 1 April 2021	-	3,372,533
Additions in year	-	478,680
Disposals in year	-	(3,851,213)
Balance as at 31 March 2022	<u>-</u>	<u>-</u>
Impairment Provisions:		
Balance as at 1 April 2021	-	1,807,842
Impairment in year (inc. FX unrealised loss)	-	324,761
Impairment reversed out due to sale of asset	-	(2,132,603)
Balance as at 31 March 2022	<u>-</u>	<u>-</u>
Net Remedial Projects as at 31 March	<u>-</u>	<u>-</u>

16 CREDITORS – amounts falling due within one year

	2023 £	2022 £
Creditors due within one year:		
Unpaid supplier invoices	64,226	240,505
Taxation and pension costs outstanding	38,496	-
Accruals	212,495	298,463
Deferred rent	24,080	14,047
Holiday pay accrual	90,682	80,726
Other Creditors	-	-
	<u>429,979</u>	<u>633,741</u>

REALL LIMITED

Notes to the Financial Statements for the 18 month period ended 30 September 2023

17 CREDITORS – amounts falling due after more than one year

	2023 (18 month period)	2022 (12 month period)
	£	£
Creditors due after more than one year:		
Deferred rent	131,747	148,956
	131,747	148,956

Movement on Deferred Rent during the year was as follows:

	2023 £	2022 £
Balance as at 1 April	163,002	121,626
Rent accrued during the year	(7,175)	41,376
Accrued rent utilised during the year	-	-
At 31 March	155,827	163,002

Analysis of debt maturity:

In one year or less or on demand	24,080	(2,719)
In more than one year but not more than two years	24,080	24,080
In more than two years but not more than five years	72,240	72,240
In five years or more	35,427	69,401
	155,827	163,002

Reall has entered into a lease for new premises which began on 14 February 2020 for a period of ten years. The lease allows for a reduced rent period of 20 months, the benefit of which is being spread over the life of the lease. The analysis of this is shown above.

REALL LIMITED

Notes to the Financial Statements for the 18 month period ended 30 September 2023

18 CASH FROM OPERATING ACTIVITIES

	2023 (18 month period)	2022 (12 month period)
	£	£
Net expenditure for the year (as per the Statement of Financial Activities)	(7,449,116)	(6,648,624)
Adjustments for:		
Amortisation of intangible assets	72,373	39,022
Depreciation	96,838	61,059
Profit / (Loss) on disposal of fixed assets	-	10,569
Movement in pension provision	68,000	(576,495)
(Increase) in debtors	572,485	(1,962,840)
Increase in creditors	(220,971)	151,742
Transfer of remedial projects to Debtors	-	747,401
Transfer of investment to Debtors	-	1,065,412
Interest receivable	(4,427)	(437)
Unrealised exchange rate losses on loans	4,072,257	1,354,429
Exchange rate losses / (gains) on cash and cash equivalents due to exchange rate movements	16,220	49,729
Loans converted to grant or written off	106,424	858,055
Impairment movement	1,656,002	3,378,440
Impairment of Remedial Projects	-	324,761
Movement on accrued interest on loans	(106,704)	331,554
Net cash generated by operating activities	(1,120,620)	(816,223)

19 ANALYSIS OF CASH AND CASH EQUIVALENTS

	2023 £	2022 £
Cash in hand and at bank	1,583,790	5,295,093
Overdraft	-	-
	1,583,790	5,295,093

REALL LIMITED

Notes to the Financial Statements for the 18 month period ended 30 September 2023

20 PENSION COMMITMENTS

	2023 (18 month period) £	2022 (12 month period) £
Defined benefit liability	<u>421,000</u>	<u>353,000</u>

Reall participates in three schemes under the Social Housing Pension Scheme (“SHPS”) that are managed by The Pensions Trust. Two schemes are Defined Contribution Schemes, being a designated auto-enrolment scheme and a Higher Rate Defined Contribution Scheme.

Defined Contribution Scheme

This scheme was set up to enable Reall to meet its obligations with regard to auto-enrolment. The assets of this scheme are held separately from those of Reall and are administered separately from the assets of the Reall Defined Benefit Scheme. The pension charge represents contributions payable by Reall to the fund during the period and amounted to £47,440 (12 month period to 31 March 2022: £26,648). Contributions totalling £nil (in relation to the September 2023 payroll deductions) were due to the fund as at 30 September 2023 (12 month period to 31 March 2022: £nil).

Higher Rate Defined Contribution Scheme

This scheme was set up to replace the closed Defined Benefit Scheme that the charity had been a member of for many years and is open to any employees who wish to join it instead of the auto-enrolment scheme. The assets of this scheme are held separately from those of Reall and are administered separately from the assets of the Reall Defined Benefit Scheme. The pension charge represents contributions payable by Reall to the fund during the period and amounted to £89,462 (12 month period to 31 March 2022: £69,983). Contributions totalling £nil (in relation to the September 2023 payroll deductions) were due to the fund as at 30 September 2023 (12 month period to 31 March 2022: £nil).

Defined Benefit Scheme

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

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

The last completed triennial valuation of the scheme for funding purposes was carried out as at 30 September 2020. This valuation revealed a deficit of £1.560m. The valuation to 30 September 2023 is expected to be shared with employers on 31 August 2024. A recovery plan has been put in place with the aim of removing this deficit by 30 September 2028.

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

For financial years ending on or before 28 February 2019, it was not possible for the company to obtain sufficient information to enable it to account for this scheme as a Defined Benefit Scheme, therefore, it has accounted for the scheme as a Defined Contribution Scheme.

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

REALL LIMITED

Notes to the Financial Statements for the 18 month period ended 30 September 2023

For accounting purposes, a valuation of the scheme is carried out with an effective date of 30 September each year, with the latest accounting valuation being with an effective date of 30 September 2023. This now coincides with Reall's financial year end.

The liabilities are compared, at the relevant accounting date, with the company's fair share of the Scheme's total assets to calculate the company's net deficit or surplus.

Contingent Liability Disclosure

We have been notified by the Trustee of the Scheme that it has performed a review of the changes made to the Scheme's benefits over the years, and the result is that there is uncertainty surrounding some of these changes. The Trustee has been advised to seek clarification from the Court on these items. This process is ongoing, and the matter is unlikely to be resolved before the end of 2024 at the earliest. It is recognised that this could potentially impact the value of Scheme liabilities, but until Court directions are received, it is not possible to calculate the impact of this issue, particularly on an individual employer basis, with any accuracy at this time. No adjustment has been made in these financial statements in respect of this potential issue.

Fair value of plan assets, present value of defined benefit obligation and defined benefit (liability)

	2023	2022
	£'000	£'000
Fair value of scheme assets	1,558	3,122
Present value of defined benefit obligation	1,979	3,475
Deficit in scheme	(421)	(353)

Reconciliation of opening and closing balances of the defined benefit obligation

Defined benefit obligation	2023	2022
	£'000	£'000
At start of year	3,475	3,586
Current service cost	-	-
Expenses	8	5
Interest expense	148	79
Member contributions	-	-
Actuarial losses (gains) due to scheme experience	(7)	234
Actuarial losses (gains) due to changes in demographic assumptions	(5)	(50)
Actuarial losses (gains) due to changes in financial assumptions	(1,564)	(348)
Benefits paid and expenses	(59)	(31)
Defined benefit obligation at end of year	1,979	3,475

Reconciliation of opening and closing balances of the fair value of scheme assets

Scheme assets	2023	2022
	£'000	£'000
At start of year	3,122	2,656
Interest income	131	59
Experience on plan assets (excluding amounts included in interest income – gain (loss))	(1,801)	363
Employer contributions	165	75
Member contributions	-	-
Benefits paid and expenses	(59)	(31)
Fair value of plan assets at end of year	1,558	3,122

REALL LIMITED

Notes to the Financial Statements for the 18 month period ended 30 September 2023

Defined benefit costs recognised in Statement of Financial Activities

	2023	2022
	£'000	£'000
Expenses	8	5
Net interest expense	17	20
Defined benefit costs recognised in SOFA	25	25

20 PENSION COMMITMENTS (continued)

Defined benefit costs recognised in Other Recognised Gains & Losses

	2023	2022
	£'000	£'000
Experience on plan assets (excluding amounts included in net interest cost) – gain (loss)	(1,801)	363
Experience gains and losses arising on plan liabilities – gain (loss)	24	(234)
Effect of changes in demographic assumptions underlying the present value of the defined benefit obligation – gain (loss)	5	50
Effect of changes in financial assumptions underlying the present value of the defined benefit obligation – gain (loss)	1,564	348
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable)-gain (loss)	(208)	527
Effect of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost)	-	-
Total amount recognised in Other Recognised Gains & Losses	(208)	527

Assets

	30 September 2023 £'000	31 March 2022 £'000
Global Equity	121	599
Absolute Return	28	125
Distressed Opportunities	55	112
Credit Relative Value	55	104
Alternative Risk Premia	23	103
Fund of Hedge Funds	-	-
Emerging Markets Debt	12	91
Risk Sharing	112	103
Insurance-Linked Securities	22	73
Property	70	84
Infrastructure	176	222
Private Debt	72	80
Opportunistic Illiquid Credit	80	105
High Yield	3	27
Opportunistic Credit	-	11
Cash	15	11
Corporate Bond Fund	-	208
Liquid Credit	-	-
Long Lease Property	50	80
Secured Income	75	116
Liability Driven Investment	596	871
Currency hedging	(11)	(12)
Net Current Assets	4	9
Total Assets	1,558	3,122

REALL LIMITED

Notes to the Financial Statements for the 18 month period ended 30 September 2023

20 PENSION COMMITMENTS (continued)

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

Assumptions

	2023	2022
	% per annum	% per annum
Discount rate	5.60	2.77
Inflation (RPI)	3.19	3.42
Inflation (CPI)	2.85	3.12
Salary growth	3.85	4.12
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 30 September 2023 imply the following life expectancies

	Life expectancy at age 65
	Years
Male retiring in 2022	21.0
Female retiring in 2022	23.4
Male retiring in 2042	22.2
Female retiring in 2042	24.9

21 UNRESTRICTED FUNDS

	2023 £	2022 £
General Unrestricted Funds:		
Balance as at 1 April 2022	825,343	847,918
Other recognised gains / (losses)	(3,036)	6,649
Income	11,659	11,273
Expenditure	(70,411)	(40,497)
Transfers between funds	-	-
Balance as at 30 September 2023	763,555	825,343

REALL LIMITED

Notes to the Financial Statements for the 18 month period ended 30 September 2023

22 RESTRICTED FUNDS

Restricted Funds are those donated & restricted for use in a particular area or for specific purposes:

	As at 1 April 2022	Other recognise d gains/ (losses)	Income	Expenditure	Transfers between funds	As at 30 September 2023
	£	£	£	£	£	£
Programme Funds	24,250,176	(204,522)	5,434,035	(12,616,841)	2,852,026	19,714,874
Recycled Funds	2,937,164	-	-	-	(2,852,026)	85,138
	27,187,340	(204,522)	5,434,035	(12,616,841)	-	19,800,012

The investment programme is funded by FCDO & Sida with some limited contributions from General Unrestricted reserves. Reall co-ordinates the investment programme at the global/central level and development partners co-ordinate investment programme at the local level in the countries detailed in note 7.

During the year we did receive investment programme loan repayments. Repayments are recycled back into achieving Reall's objectives and mission. These are presented separately in the table above under the heading recycled funds. This separation demonstrates the process by which donor funds previously disbursed as loans to projects are received back from partner organisations through loan repayments and which are then available for subsequent use by Reall. Whilst the recycled funds are to be used to deliver Reall's objectives and mission, we have presently identified these as restricted funds, although this may be revisited in future years.

REALL LIMITED

Notes to the Financial Statements for the 18 month period ended 30 September 2023

23 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Restricted Funds £	Unrestricted Funds £	Total Funds £
As at 30 September 2023:			
Intangible assets	-	68,227	68,227
Tangible assets	-	333,595	333,595
Investments	17,475,237	-	17,475,237
Investments in subsidiaries	547,400	-	547,400
Net Current Assets	2,306,218	385,637	2,691,855
Creditors: amounts falling due after more than one year	(131,747)	-	(131,747)
Net Defined Benefit Scheme obligation	(397,096)	(23,904)	(421,000)
Net assets at 30 September 2023	19,800,012	763,555	20,563,567
As at 31 March 2022:			
Intangible assets	-	76,105	76,105
Tangible assets	-	422,741	422,741
Investments	21,065,082	-	21,065,082
Investments in subsidiaries	178,830	-	178,830
Net Current Assets	6,424,516	347,365	6,771,881
Creditors: amounts falling due after more than one year	(148,956)	-	(148,956)
Net Defined Benefit Scheme obligation	(332,132)	(20,868)	(353,000)
Net assets at 31 March 2022	27,187,340	825,343	28,012,683

24 MEMBERS OF THE COMPANY

The company is limited by guarantee and thus does not have any issued share capital. Each member guarantees during their membership and for one year after membership ceases, the sum of £1 to the company in the event of a winding up order. Details of members as at 30 September 2023 are included within the Directors Report. Any surplus on winding up is to go to a charity whose objects are of a similar nature.

25 FINANCIAL COMMITMENTS

As at 30 September 2023, the company had commitments under non-cancellable operating leases as set out below:

	2023 (18 month period) £	2022 (12 month period) £
Payable:		
In less than one year	146,146	119,848
In two to five years	579,364	582,687
In more than 5 years	198,658	415,378
	924,668	1,117,913

Reall has entered into a lease for new premises which began on 14 February 2020 for a period of 10 years. The lease allows for a reduced rent period of 20 months, the benefit of which is being spread over the life of the lease. Moreover, Reall has entered into a lease for two printer / copiers, which began on 2 July 2020 for 60 months. The value of the lease payments is reflected above.

REALL LIMITED

Notes to the Financial Statements for the 18 month period ended 30 September 2023

26 RELATED PARTY TRANSACTIONS

The following transactions with joint ventures and associates as detailed in note 12 have taken place as set out below:

	Sheltersol Holdings	SEWA Nirman Private	Ansaar Management Company (Private)	Oakleaf Investment Holdings 149 Proprietary	Housing Development Uganda
2023					
Programme related Investments:					
Gross interest-free loans	1,659,641	-	366,462	-	-
Gross interest-bearing loans	3,674,263	-	4,664,063	-	-
Gross equity investments	-	4,939,381	-	-	-
Impairment provision	(4,325,892)	(3,419,381)	(865,220)	-	-
Net loans as at 30 September 2023	1,008,012	1,520,000	4,165,305	-	-
<i>Interest rate payable</i>	<i>0-5%</i>	<i>0%</i>	<i>0-6%</i>	<i>7%</i>	<i>5-6%</i>
Grants:					
Capacity loans converted to non-repayable grant	-	-	101,963	-	-
Non-repayable grants	-	-	-	-	-
Total grants year ended 31 March 2022	-	-	101,963	-	-
Invoiced to Reall for services	-	-	16,222	4,667	-
Profit on Sale of Oakleaf Assets that Reall has received	-	-	-	-	-
Sale of shares of Immersion Private (PVT) Limited to AMC	-	-	-	-	-

REALL LIMITED

Notes to the Financial Statements for the 18 month period ended 30 September 2023

27 FINANCIAL INSTRUMENTS

The carrying amount of the charity's financial instruments at 30 September 2023 was:

	2023 (18 month period) £	2022 (12 month period) £
Financial assets:		
Cash	1,583,790	5,295,093
Loans measured at cost less impairment plus accrued interest	17,475,237	21,065,082
Total	19,059,027	26,360,175
Financial liabilities:		
Other measured at amortised cost	405,899	619,694
Total	405,899	619,694

REALL LIMITED

England & Wales - Charity number 1017255

Accounts

Reall Limited

a company limited by guarantee

Annual Report & Financial Statements
for the year ended 31 March 2022



Sida



UKaid
from the British people

Charity registered in England & Wales No. 1017255
Charity registered in Scotland No. SC041976
Company Registration No. 2713841



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Charity and Company Information

Name of Charity	Reall Limited
Charity Registration Numbers England & Wales Scotland	1017255 SC041976
Company Registration Number	2713841
Chief Executive	Ian Shapiro
Registered Office & Principal Address of the Charity	6th Floor, Friars House, Manor House Drive, Coventry, UK, CV1 2TE
Auditors	Crowe U.K. LLP – 4 th Floor, St James House, St James Square, Cheltenham, GL50 3PR
Solicitors	<i>Weil, Gotshal & Manges</i> – 110 Fetter Ln, Holborn, London EC4A 1AY (pro bono) <i>Devonshires Solicitors</i> – 30 Finsbury Circus, Finsbury, London EC2M 7DT
Bankers	<i>The Royal Bank of Scotland plc</i> – 15 Little Park Street, Coventry, CV1 2RN

Chair's Report for the year ended 31 March 2022

Welcome to our Annual Report and Financial Statements.

As many predicted, the global pandemic has had macro-economic, social, and political impacts. The unfolding humanitarian crisis in Ukraine, alongside the threat of widespread famine from global food shortages, most starkly symbolise the ongoing turmoil that we're facing as a connected global community.

As ever, Reall maintains that our greatest challenges – economic, climate, social, and political are connected, and affordable housing can impact them all. Reall, along with our partners, remains faithfully committed to our mission to build an affordable homes movement that improves the life chances of 100 million people in urban Africa and Asia by 2030. Climate considerations are now fully embedded in investment decisions and processes, and this strategic shift saw material results on the ground in Africa and Asia.

This year Reall has consolidated efforts to deliver our Country Strategies in our five priority markets – Pakistan, India, Nigeria, Kenya, and Uganda. We've focused on strengthening the capacity of partners, with an emphasis on promoting cross-network engagement. In Pakistan and Kenya in particular, partners are tapping into their respective market-wide networks and finding unparalleled value. New partnerships have also been developed and established, with a number of broker-based strategic partnerships formalised this year.

Our international network has also been enhanced by our ongoing data and research agenda. In particular, the Market Shaping Indicators project is providing unprecedented data points on which to base our investment decisions and partner development strategies. This knowledge is open and available to the wider affordable housing sector.

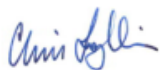
The challenges we and our partners face, particularly those partners with lower levels of resilience, are reflected in a higher level of impairment provision this year. To offset this there have been successes, including the completion of the housing projects in Burkina Faso and Ghana with 354 homes completed and sold to government affordable housing agencies and community-based organisations. £1 million proceeds were received in the year, with the balance of funds expected in the new financial year.

We thank the Swedish Government, through Sida, for the continued support in the third year of our contract and drew £2.9 million from them during the financial year. £3 million was also received from partners in loan repayments and cancelled projects, including the repatriation of a £1million from Zimbabwe.

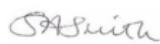
On behalf of the Board, I would like to express our gratitude to our long-term supporters, both individuals and organisations. I would also like to thank the Board and the staff for their quality work over the year in driving forward our mission. It was also pleasing that Steve Troop has agreed to serve for a further three-year term, and his contribution and expertise on a search for new funding will be immeasurable.

The Board and the management team are strongly focused on that need to secure new funding through grant applications and via a loan facility. A great deal of groundwork has been put in place and we look forward to achieving that funding pipeline in this financial year.

Finally, I would like to thank Kate Wareing, who left the Board after six years in June. Kate has been a constant presence and driving force as Reall has emerged as a stronger organisation in recent years. She will be missed, and we wish her every success in the future.



Christopher Loughlin
Chair



Sarah Smith
Chair of Audit Committee

Date: 20th September 2022

Report of the trustees for the year ended 31 March 2022

The trustees are pleased to present their annual Trustees' Report, including their strategic review, together with the financial statements of the charity, for the year ended 31 March 2022, which are also prepared to meet the requirements for a Directors' Report and Accounts for Companies Act purposes.

The Financial Statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum & Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

Our objectives, vision, and mission

Reall is a UK-based international development organisation that is building an affordable homes movement to improve the life chances of 100 million people in urban Africa and Asia by 2030. Since its formation in 1992, Reall has worked with partners, contractors, governments, and finance institutions to make the affordable housing market accessible to the poorest 40%.

Affordable homes are a fundamental human right that unlock unimaginable human potential to shape a future of gender parity, climate resilience, clean air, renewable energy, and socioeconomic justice, as well as being the doorway to realising 16 of the 17 Sustainable Development Goals (SDGs).

The escalating global housing crisis is one of humanity's greatest challenges. At least 1.2 billion people worldwide live in substandard housing, often lacking access to clean water or a decent toilet. Urban populations in Africa and Asia are increasing exponentially and that figure is set to reach three billion by 2030. While the challenge is vast, the potential for impact is enormous, and this demand represents an uncrowded US\$17 trillion market opportunity. New solutions are urgently needed.

Reall is an innovator and investor in climate-smart affordable homes in urban Africa and Asia. Housing is a green infrastructure asset able to deliver for people for profit and for the planet. Green homes are a doorway to 16 of the 17 Sustainable Development Goals – transforming the lives of people on low incomes and responding to Covid19 by driving inclusive clean, green growth, job creation, gender equality, urban resilience, climate mitigation, and pathways to net-zero.

Working with key players we blend proof of concept and evidence to overcome systemic barriers to transform markets at scale. We de-risk investments, demonstrating the viability of innovative models, including the \$10K home and pioneering green solutions. We amplify impact through strategic policy change, disruptive financial innovation, and sharing learning.

We develop, refine, and share innovative housing models that unlock the political will, capital investment and end-user financing needed to create opportunities for people to secure quality affordable homes in safe communities with adequate sanitation. We work to influence policy and secure government support, driving change in regulations and engaging the banking sector around end-user finance. Partnership is key to the way Reall works, and alongside governments, research bodies, small and medium enterprises, private sector contractors, think tanks, and multilateral organisations, we aim to develop housing markets at speed and scale. We work in open collaboration in order to achieve our mission.

We hugely value the continued support from our anchor investor, the Swedish Government's International Development Agency (Sida), under our agreement until 31 March 2023.

Report of the trustees for the year ended 31 March 2022 (continued)

Strategic report

This year's activities have focused on consolidating new partnerships, the fruition of several long-running endeavours, and the continued growth of our Build and Broker agenda in priority markets. Reall has continued to operate against our five strategic Country Strategies, ensuring efficient and effective delivery of outputs that meet our overarching goals.

Total investment this year was reduced considerably to a third of the initial forecast due to a combination of the continued impacts of COVID-19.

The Annual Operating Plan (AOP) and organisational objectives were focused on *Culture, Country Impact, Global Impact, and Fundraising*, and continue to be underpinned by the framework of the Corporate Strategy. The Board strategy day held in 2021 concluded that the Corporate Strategy 2020-2025 remains fundamental to impacting the life chances of 100 million people by 2030. We will be refreshing the corporate strategy this year.

Staff wellbeing has been central to our mission. The impact of Covid is still being felt, and with the impact of the cost-of-living crisis, we continue to try to support staff and improve our organisational culture and ways of working. Staff have been working on a hybrid basis and have been piloting a more extensive hybrid scheme in the last few months.

Reall remains focused on professional development. To deliver organisational goals, we began training initiatives to support staff in developing skills, introduced a leadership development programme, and continued the INSIGHTS programme to further upskill the leadership team.

Through an independent organisation, Great Place to Work, Reall rolled out a comprehensive staff survey and attained a 95% response rate. This provided valuable insights from all staff and identified key areas to build upon for our organisational culture. The results have been shared with the Board of Directors. We have developed an action plan against suggested actions that will be progressed by the Wellbeing Group and Leadership team. In addition, every three years Reall undertakes a remuneration benchmarking exercise to ensure that our organisational rewards are in line with the current market.

This year saw the implementation of a progressive new organisational phase at Reall. Changes in Executive responsibilities and whole-organisational structure have enhanced our ability to deliver against our corporate strategy and the relatively new commercial approach. To accompany this, we have developed systems that will ensure tighter accountability, clearer separation of duties, mainstreamed stronger leadership behaviours, and embedded cross-team working.

Plans for new capital investment are proceeding well, with good potential to secure a significant capital sum. To allow focus on this area, some duties were reassigned for a period through to 31 March 2023. Noel Grace, previously Finance Director, became Commercial and Governance Director, with Karen Birch, Head of Finance, reporting directly to Ian Shapiro, Chief Executive. Mark Atterton, previously Commercial Director, left Reall on 20 April 2022.

Additionally, after being selected as winner of the Zero Carbons stream for the Global Innovation Lab for Climate Finance, Reall has been working alongside the Lab Secretariat, the Climate Policy Initiative (CPI), to develop a proposed financial instrument which incorporates both supply and demand side finance to unlock capital for the delivery of EDGE-certified affordable housing.

In the following section, we look at the key elements of the programme, Partnerships, Investments and Transitions, and Policy and External Affairs.

Report of the trustees for the year ended 31 March 2022 (continued)

Achievements and Performance in the year

Partnerships, Investments, and Transitions

In the financial year ended 31 March 2022, we have continued to build on activities we started in FY 2020/21 to:

- i. Strengthen our network of partners
- ii. Support brokering initiatives, especially in our priority markets in Africa (Kenya, Nigeria, Uganda) and Asia (India, Pakistan).

We have relied on recycled funds and continued support from our main funder, Sida, to implement our country strategies in our priority markets. Investment in projects (*build*) and in initiatives (*broker*) that will transform local markets have remained the cornerstones of our approach in India, Kenya, Nigeria, Pakistan, and Uganda. During financial year 2021-22, we have accumulated market knowledge that will be used to adjust existing KPIs, and the way we implement country strategies and associated KPIs.

A total of 143 units were completed in the financial year ending 31st March 2022, spread across Africa and Asia. Smart Havens Africa (SHA), our partner in Uganda, delivered a scheme of housing units which not only provided job opportunities and training to women, but also helps women or female-headed households to acquire homes. MFF in Nigeria has also completed a new phase in the Grand Luvu site, bringing the total number of finished units to over 1,000 homes. Casa Real in Mozambique completed and sold the second phase (29 units) of the Inhamizua project and has started the development of the next phase. This is a particularly important milestone in the Mozambican context because Casa Real has succeeded in brokering relationships with a local financial institution and an innovative finance mechanism that will facilitate offtake as soon as construction phases are completed.

The low number of units is essentially due to delays in completion of some projects in our key markets. The increased level of units completed will be reflected in FY 2022-23, with expected contributions from key markets such as India and Pakistan.

Furthermore, we have added new partners into our network, including Sa Dhan in India, The Affordable Housing Company (TAHC) in Nigeria, and Trellis Housing Finance Ltd in Pakistan. These additional partners will further increase our presence and credibility in these markets. For instance, Trellis is the first home loan institution in Pakistan focused on people on low incomes.

We have received first payments on schemes in Burkina Faso and Ghana. Demand for these units has been strong, reflecting the quality of construction work and addressable market in both countries. We have continued to monitor market conditions in countries of operation such as Nepal and Zimbabwe, with a view to potentially exiting these markets if we believe we are unable to implement a viable affordable housing model.

In the 2021-22 financial year, our broker activities have centred on working with other stakeholders to increase the available finance to our target clients. In Kenya, we have been working with the Kenya Mortgage Finance Company (KMFC) and local financial institutions, in an effort to promote take-up of tenant purchase schemes (TPS). As part of this effort, we have supported our partner Syntellect in expanding their footprint beyond their India base to roll out *RightProfile* – a credit assessment tool for the unbanked – in Kenya, and, potentially, other markets. In Pakistan, we have partnered with Trellis Housing Finance Ltd, a mortgage finance institution that offers home loan products for people on low incomes or in informal employment. This partnership could allow for direct investment into Trellis and joint market research initiatives to increase the amount of data and evidence on people in the bottom 40% of the income pyramid.

Report of the trustees for the year ended 31 March 2022 (continued)

Policy & External Affairs (formerly Market Transformation)

Influencing the global policy agenda to create more favourable environments in which to deliver affordable homes remains a key priority for Reall. In FY 21/22 we took further steps to deepen our market-level impacts both globally and in priority regions. We conducted and disseminated robust research and data projects, established new collaborations with innovative brokering partners, and further cemented Reall's position as sector leaders in the green affordable housing space.

Climate

This year Reall continued to build momentum around mainstreaming climate mitigation and resilience across our work, with a number of milestone achievements reached in the process. Reall began the year by joining the UNFCCC's Race to Zero, committing to become a net-zero organisation by 2050 or sooner, with a target of 2030, and we produced our first greenhouse gas emissions report in September 2021. We reinforced this commitment by becoming members of the UK Green Building Council (UKGBC), Global Alliance for Buildings and Construction (GlobalABC), and Cities Climate Finance Leadership Alliance (CCFLA). Through these memberships and other relationships, Reall has begun to broker change across the wider sector, sharing the evidence that housing can be green and affordable.

The landmark event for this engagement was the international climate summit, COP26, which happened in November 2021. Reall was successful in having two of its partners (ModulusTech and BuildX Studio) featured within the UKGBC's Virtual Pavilion, profiling 17 of the best green building projects from around the world. In addition, Reall participated in two COP26 events, one through the UKGBC's Build Better Now events series, and one through the Race to Resilience platform.

Reall has bolstered its climate credentials across build projects through mainstreaming the IFC's EDGE certification in FY 21/22. In the final quarter of the year, Reall successfully completed the EDGE certification on two projects: the Tamale project in Ghana delivered by Afreh Group, and AMC's Sue Asal phase one site in Pakistan. Homes in these projects are achieving significant improvements compared with conventional local construction methods: 34% improvements in energy efficiency; 30-42% improvements in water efficiency; 35-56% improvements in embodied energy in materials. This is helping establish a path to a zero-carbon, climate-resilient affordable housing sector. Reall is working directly with IFC to promote partner projects registered for EDGE certification and demonstrate the viability of affordable homes that are also climate smart. Several more projects are currently working towards EDGE registration. Following EDGE Expert Training provided by Reall in March, employees of several partners have also successfully passed their EDGE Expert exams.

Affordability

Recognising that the lack of quality accessible market data is a key barrier to affordable housing investment, Reall and the Centre for Affordable Housing Finance in Africa (CAHF) have been driving an initiative to resolve data gaps and improve understanding of housing markets. The Market Shaping Indicators (MSIs) capture data on over 100 indicators across the housing value chain and make it publicly available on Reall's dashboard – www.reall.net/msi. This programme of work has since been expanded out to Reall's priority markets in Asia through the research consultancies Jana Urban Services for Transformation (JUST) in India, and Impetus Advisory Group (IAG) in Pakistan. As a result, this year has seen data published for 11 countries across Africa and Asia, with targeted engagements now being built to improve quality and influence policy by working with key data holders. For example, with the Kenya National Bureau of Statistics (KNBS) we are working to improve reporting on affordable housing and produce a digital dashboard focusing explicitly on Kenya's Affordable Housing Programme.

Report of the trustees for the year ended 31 March 2022 (continued)

Policy & External Affairs (formerly Market Transformation) (continued)

Building on the Impact Study work conducted in 2019 and 2020, Reall is rolling out a process of household surveys across all relevant projects – client baselining. These surveys cover household demographics, income and expenditure, jobs, transport, previous housing conditions, and satisfaction. This has now been embedded with partners in Kenya, Pakistan, and Nigeria, and over 130 households have been surveyed with a target of 500 by end of March 2023.

Technology

Reall's pitch to the Global Innovation Lab's 2022 cycle was selected as the winner in the 'Zero Carbon Buildings' category. Our innovative project seeks to develop a financial instrument that links alternative credit assessment and green mortgages. Out of 158 applications, we were one of just seven winners. The Lab provides expert technical assistance to develop its winners' financial instruments, and is supported by major global institutional investors such as Bloomberg and Rockefeller, plus governments including Australia, Germany, Netherlands, and the UK. We will now work with our bespoke Lab team of experts (provided through the Climate Policy Initiative) to undertake instrument development, stress testing, and analysis, in advance of anticipated endorsement by the Lab members in September 2022.

Reall continues to work on Alternative Credit Assessment as a financial inclusion mechanism. Focusing on Kenya in 2021, Reall commissioned a feasibility study on 'Affordable Housing Finance and Digital Credit Assessment in Kenya'. The report addresses key opportunities and challenges around introducing a credit assessment tool into the Kenyan market, both generally and specifically to Syntellect's RightProfile tool. It considers legal and regulatory issues relevant to the affordable housing sector and identifies a number of financial institutions (banks and SACCOs) that have expressed an interest in RightProfile. On the back of Reall's Roundtable held in Kenya (on tenant-purchase schemes as a solution to the offtake challenge) and the Government of Kenya's Affordable Housing Finance Conference (both December 2021) we are advancing strong links with key stakeholders. This includes the Kenya Mortgage Refinance Company (KMRC).

External affairs

This year saw the launch of the new www.reall.net website, with an updated design that enables easier access to all content, facilitates external relationships with key staff, and effectively highlights Reall's model and impact. Reall continues to feature in international media, the most prominent being an interview with CEO Ian Shapiro on Radio5 Live.

Website engagement time has increased by 28%; LinkedIn followers are up by 883; we have had 34 event panel appearances; we have created 35 blogs and 27 vlogs.

Reall has had a full year securing 34 speaker slots at strategic events, successfully hosted a Partner Networking Event, and took part in two high-level events during COP26. We also created significant content pieces including 5 showcase videos, 4 policy papers (on climate, climate mitigation and resilience, Sustainable Development Goals, and mitigating fraud and corruption), contributed to 9 external publications and resources including blogs, journal articles, reports and case studies, developed 3 climate-smart partner profiles, and released an overview of Reall's evolution to mark our 30-year history.

Financial review

The Statement of Financial Activities on page 22 sets out Reall's income and expenditure for the year ended 31 March 2022.

The financial position at the end of the year is strong with a significant cash balance carried forward of £5.3 million. Following the substantial investment in 2021, this year saw a lower level of investment with loans advanced of £0.8 million and grants to £0.4 million and 143 completed homes.

Report of the trustees for the year ended 31 March 2022 (continued)

Financial review (continued)

In respect of inflows, we received £3million from partners in respect of loans and cancelled projects. Sida has continued their support in the third completed year of our four-year contract and made disbursements of £2.9 million.

Reall advances loans to partners in local currency, which means that our loan portfolio is always subject to exchange rates fluctuations. We made an exchange rate loss of £1.4m this year (2021: £2.3m loss).

The trustees recognise that Reall operates in high-risk areas where the certainty of achieving the outcomes expected when loans are advanced is far lower than if we were operating in more developed countries. This means that there is also a greater need to recognise significant levels of loan impairment which could be released when outcomes are achieved. The catalytic nature of Reall's work means that a very low level of impairment would probably indicate an insufficient level of innovation and risk in our operations. This year we have increased our impairment provision by £3.8 million, reflecting concerns arising from site visits and a consultant's review of one of our partners.

Employment, overhead, and direct support costs increased from £3.8 million to £4.5 million, reflecting continued investment in capacity and a higher level of activities and engagement with partners following the relaxation in Covid restrictions.

We have successfully completed the projects in Burkina Faso and Ghana, the homes have been sold, and will realise a contribution of £1.7million from the purchasing parties. During the financial year we received £1 million, the majority of which was into our account in Burkina Faso.

The total number of homes completed was 100 in Ghana and 254 in Burkina Faso.

Reall's closed final salary scheme saw an improvement in its funding position with a reduction in the liability from £929,000 to £353,000.

Accordingly reserves reduced by £6.6 million (2021: reduction £1.7 million) with total reserves at the end of the year £28 million (2021: £34.6 million).

Reserves and Liquidity Policies

The trustees review the reserves policy of the charity annually. The review encompasses the nature of the income and expenditure streams, the need to match income with commitments and the nature of the reserves.

The level of reserves is monitored through Reall's planning, budgeting, and forecasting processes, including through the approval of the annual budget before the beginning of the new financial year and monthly financial performance monitoring. We will include a statement of the reserves position in our quarterly financial reporting.

In the opinion of the trustees, the reserves of the charity are the unrestricted reserves together with the restricted reserves, excluding those reserves represented by fixed assets, programme related investments, or any designated reserves. These are known as available reserves.

Reserves are held to cover delays in the renewal of key funding streams as well as to provide a cushion for any unexpected business developments.

It is the Board's policy to carry forward, from one year to the next, a sufficient amount in the available reserves at an amount which, in the opinion of the Trustees, will cover the contracted operational costs and programme expenditure for a period of twelve months, in the event of a material decrease or shortfall in Reall's income arising from an end to agreed funding streams for the programme.

Report of the trustees for the year ended 31 March 2022 (continued)

Financial review (continued)

These “available reserves” will also include any unspent funds carried forward as at the year end.

This basis will be reviewed throughout the year and where our risk profile or significant event arises that could impact on our financial outlook, then the amount to be held will be reviewed.

We will also always hold a cash balance equivalent to six months of overheads and employment costs. All budgets and cash flow forecasts must show that being achieved for at least 12 months from the date of the forecast.

All commitments under legally binding programme expenditure will be approved by the Board and only entered into after confirmation that funds to meet that obligation are secured and available.

On this basis the available reserves are calculated as follows:

Reserves	Restricted £ million	Unrestricted £ million	Total £ million
Total	27.2	0.8	28
Less:			
Tangible and intangible assets		(0.5)	(0.5)
Programme related investments	(21.1)	-	(21.1)
Available reserves	6.1	0.3	6.4

The approved budget for 22/23 has contracted and non-contracted and contracted expenditure as follows

	Total	Non-Contracted	Contracted
	£ million	£ million	£ million
Retentions	0.1		0.1
Remedial Partner works	0.4	0.4	
Remedial consultancy	0.1	0.1	
Partner Investments Funding	4.7	2.4	2.3
Partner Grants	0.9	0.9	
SPV investment	1.8	1.8	
Pensions Recovery payments	0.1		0.1
Running and programme costs	5.3	2.0	3.3
	13.4	7.6	5.8

Fundraising

Reall has a dedicated Fundraising Team within its staff complement and raises the majority of its funds from large institutional investors and donors, and not from the public. As such, Reall does not have anyone who fundraises or campaigns for funds on its behalf. Reall receives nominal amounts of unsolicited donations raised by other organisations and friends of Reall, who have chosen Reall as a beneficiary of their own charitable activities. These funds are treated as General Unrestricted Funds within the Statement of Financial Activities.

We work closely with our funders and investors to ensure that we are meeting the requirements of our funding agreements with them, and that we are reporting to them as needed on the progress of projects.

Report of the trustees for the year ended 31 March 2022 (continued)

Financial review (continued)

We have not received any complaints in the year about our fundraising activity.

We do not sell our supporters' details to anyone else, and all information on funders and investors is held securely and only accessed and managed by those staff who need to for their role. We work diligently to ensure that we are compliant with relevant legislation and codes of practice.

The Trustees consider that the activities of Reall meet the requirements of the public benefit requirements under the Charities Act 2011. Reall's activities and objectives are focused on the alleviation of poverty in Africa and Asia through the provision of affordable housing, clean water supplies, and improved sanitation to the poorest 40% of people in those economies. Thereby, increasing the life opportunities of the poorest in those societies. Since its formation in 1992, and supported by grants from the UK and Swedish Governments, Reall has worked with partners, contractors, governments, and finance institutions to build networks, advocate, and change policies, alongside the delivery of many thousands of affordable homes.

Grants and Investment policy

Reall provides loans and grants to its international partner organisations for work that supports the objectives, vision, and mission of the charity. The investment policy provides a framework for grant giving and investment as well as informing our research, consultancy, and advocacy work. In particular, Reall will:

- Provide loans and grants to partners for initiatives that have the potential to scale-up, attract other funding, and influence policy and practice.
- Make loans available for partners' initiatives only where other sources of finance are not available or appropriate.
- Loans are converted to grants where there is no possibility of recovery of outstanding loan amounts, but where there are completed projects of at least equivalent value to the original loan granted. These conversions are approved by Reall's Board and reported to funders.
- Make grants and loans to partners for initiatives within the context of a broader strategic partnership between Reall and the partner.
- Provide grants where a partner is affected by a disaster or emergency which affects the ongoing work of the partner.

Future Plans

The Board, in March 2022, approved a full-year budget for the year ending 31 March 2023 and cash flow projections through to 31 March 2024.

The budget was set against the background of the latest discussions with Sida in respect of life after our current contract ends on 31 March 2023. There is general agreement with Sida that the final payment on the contract of approximately £2.8 million will be made in financial year 2023/24, however that is subject to confirmation. We have tested our cash flow projections to 31 March 2024 and remain viable without further grant funding but noting there would be a significant impact on our operations. We are expecting £4 million from loan repayments, cancelled projects, and our sale of shares in IPL in Pakistan, and recovery of these amounts is a continued focus.

Total investment expenditure is budgeted at £5.5 million to March 2023 with £2.2 million committed at 31 March 2022. Any further amounts budgeted for are only approved after consideration of our liquidity and reserves policy.

We have a comprehensive operating plan and objectives, the key focus being the securing of additional funding either in the form of grants, through a new Sida contract, from another body, or loan finance.

Report of the trustees for the year ended 31 March 2022 (continued)

Financial review (continued)

These funding streams are to support our brokering mission and our partner network in the delivery of new affordable homes. In respect of loan finance, discussions have advanced with a number of financial institutions, from international governments and private sectors. The work Reall does, and its core mission, has proved very attractive to these funders. The current workstreams are focused on turning that into a financial offering that is affordable and fits within our risk appetite. During the autumn of 2022 we expect to have a proposal that we can assess with the trustees to determine whether this can move to the next stage of contractual agreement.

Pensions

Reall participates in three schemes under the Social Housing Pension Scheme ("SHPS") that are managed by The Pensions Trust. The SHPS is a multi-employer scheme which provides benefits to some 500 non-associated employers. Two schemes are Defined Contribution Schemes; Reall's designated Auto-Enrolment Scheme and Reall's Higher Rate Defined Contribution Scheme and the other scheme is a closed Defined Benefit Scheme.

Reall was advised on 18 June 2018 that, following the annual financial risk assessment of members of the SHPS Defined Benefit ("DB") Scheme, Reall had been classed as a "Higher Risk" employer. This means that Reall was required to cease DB accrual and transfer all members of the DB scheme to an alternative Defined Contribution ("DC") scheme with effect from 1 October 2018. Reall already had a DC scheme within the SHPS arrangement, and the affected members transferred to a new section of that scheme maintaining the same contribution as the DB scheme. The Reall DB scheme was therefore closed as of 30 September 2018.

Reall continues to be responsible for the deficit within the DB scheme in relation to the 6 affected current employees and the 35 deferred members and 5 pensioners. This means that deficit contributions will continue to be paid for as long as they remain due.

For financial years ending on or after 31 March 2019, it is now possible to obtain sufficient information to enable the charity to separately identify the liabilities of the defined benefit scheme. The latest accounting valuation was carried out with an effective date of 30 September 2021. The liability figures from this valuation were rolled forward for accounting year ends from 31 March 2022 to 28 February 2023 inclusive.

The deficit in the scheme has reduced to £353,000 (2021: £929,000) resulting from improved investment returns, the recovery plan payments, and some significant transfers out of the scheme.

Further details of the change are set out within Accounting Policies on page 25 and note 20 to these accounts.

Principal Risks and Uncertainty

Reall has continued to improve its risk management policies and practices to ensure that we continue to successfully manage the challenging political and economic environments in the regions in which we operate.

The Corporate Risk Register is the key risk management tool used by Reall for risk management. The Reall Executive Management team review the register monthly and the Audit Committee and Board review it at each of their meetings along with an assessment of our risk appetite and the alignment to our risk scoring.

We also maintain fraud risk and ICT cyber risk registers.

The key risk for Reall is in respect of securing future funding and this sits outside our risk appetite along with two other risk areas.

Report of the trustees for the year ended 31 March 2022 (continued)

Financial review (continued)

Reall has one major donor, being the Swedish International Development Agency (Sida). Reall has a 4-year funding agreement from May 2019 with Sida amounting to £23 million. Reall recognises the risks of having a small number of donors and has strengthened the resources within the Fundraising team and also developed an investment proposal based on commercial principles with the objective of securing additional sources of long-term funding. These proposals have advanced, and detailed discussions are underway with a number of funders. It is planned to present a proposal to the Trustees in the autumn of 2022 and consider whether this can be moved towards a contractual arrangement.

We see the addressing of environmental concerns as a key element of our business strategy. We have invested resources and are making good progress on our environmental offer to potential funders. Although we are ambitious and categorising this risk as outside our appetite, it is a reflection of our ambition and prudence rather than any fundamental failing.

We are also on a process of further embedding policies on safeguarding and modern-day slavery with our partners. Our network is not yet at a position where those policies are fully developed and therefore have assessed the risk score as being outside our appetite.

Other key risks set out in the Corporate Risk Register are as follows:

Financial risk – Reall performs its work of building houses for the “bottom 40%” through a network of delivery partners in Africa and Asia. Reall provides loan funding to these organisations with an agreement that repayments to Reall will be made once the partners have built and sold the houses. Reall has an extensive due diligence and partner management framework, including a dedicated Investment Committee to review all proposals before seeking Board approval. In addition, all partner investments are subject to legal agreements and regular credit control on loan repayments.

We also have Reall liquidity and reserves management policies, supported by comprehensive financial reporting and forecasting to assess our financial position and take appropriate mitigations where necessary.

Foreign exchange risk – Our loan portfolio is denominated in a range of currencies across a wide range of countries throughout our operating areas. Reall bears the foreign exchange risk on most of these loans, where in many cases the exchange rates can be very volatile – this means that the impact can be either positive or negative. We have reviewed our arrangements and reported to Audit Committee that significant mitigation through hedging or changing our lending model are currently either too expensive or not appropriate. However, Reall will continue to review hedging as a potential future strategy in case the market’s appetite changes. We note that managing this risk will be fundamental to the success of our commercial loan funding. Any investment proposal will consider this risk before any recommendations are made.

Health and Safety risk – Due to our areas of operation, visits to international partner organisations and their sites present risks to Reall staff that are above regular business travel risk. Reall has a range of bespoke safety arrangements that are in place and all staff required to travel receive full guidance on their induction which is updated subsequently as required.

Reputational risk – Actions taken by Reall’s international partners have the potential to damage the reputation of Reall UK. In response Reall has developed and improved several key policies. These policies include risk management, safeguarding, modern slavery, fraud, whistleblowing, and anti-terrorist funding, etc. Relevant training has also been provided to employees and partner organisations.

Report of the trustees for the year ended 31 March 2022 (continued)

Financial review (continued)

Assurance and Control systems

Reall has a dedicated internal assurance team that works closely alongside KPMG, our co-assurance partner. During the year we have engaged a number of in-country audit firms to support our assurance programme for 2023.

The assurance work is reported to the Audit Committee each quarter, with an annual review and new programme approved each year. Weaknesses in internal control systems and policy areas continue to be an area where further improvement is needed for some of our longer standing partners. Our new operating approach and introduction of higher quality partners will take time to feed through.

In respect of Reall corporate control systems, we have revisited and updated our policy framework, including procurement and our anti-fraud policies, carried out an updated fraud risk review, and a cyber controls assessment. We have also carried out an updated compliance review on legislative requirements on Reall, including management of conflicts of interest and sanctions compliance. We have assessed controls as being effective through the operation of our assurance framework.

Governing Document

Reall was incorporated as a company limited by guarantee on 12 May 1992. It is governed by its Articles of Association, as amended by special resolutions, most recently on 22 February 2022.

The revision of the Articles of Association that was completed in February 2022 amended the maximum period a trustee can serve from two terms to three terms of three years.

The objects of the Charity are:

- to provide financial and technical support (including without prejudice to the generality of the foregoing, entering into guarantees, contracts of indemnity and suretyships of all kinds) to charitable organisations and groups working to improve the shelter conditions of poor people in developing countries and elsewhere.
- to support the international exchange of information and experience on homelessness and related matters by facilitating linkage between groups and organisations worldwide.
- to make grants and loans to appropriate projects and to promote research into homelessness and related subjects in developing countries and elsewhere.
- to act as a centre for exchange of information on homelessness and related matters between organisations in the United Kingdom and throughout the world and in particular to encourage "linking" between charitable groups concerned with housing and homelessness in the UK and similar groups elsewhere.

Appointment of Trustees

Reall is governed by a Board who are directors of the company for the purposes of the Companies Act and trustees in charity law ("the Board" or "trustees"). Under the Articles of Association, the Board is formed from the trustees, who are independently appointed and consists of no less than 3 members with but no maximum number. Trustees are each appointed for a maximum of 9 years with the exception of the Chair, who can serve for an additional year. They may not then return to the Board for a period of 3 years. The Board is empowered to co-opt further members, taking account of the skills needed, up to a maximum of 5 Board members. The Chair is elected by the Board.

Report of the trustees for the year ended 31 March 2022 (continued)

Financial review (continued)

Trustees are recruited through open advertising on job boards and promotion on our website. We actively encourage applications from all sectors of society regardless of ethnicity, gender or other protected characteristic.

Board

The Board meets quarterly, and also sets aside a day for strategic review. They also attend sub-groups and Committees as required. At Board meetings, the trustees receive reports on areas of operation, a report back from Audit Committee, and agree the corporate strategy and business plans. The strategy review is carried out each autumn with the Board and the Executive.

Outcomes from this exercise feed into business planning and staff development processes as well as the annual operating plan and budget, which is approved by the Board in March. The Board retain responsibility for the approval of the audited financial statements, the appointment of the Chief Executive, equity investments, the management of risk, and the internal controls framework.

The Board carries out a self- assessment each year of how the Board has been operating and to identify any gaps in the governance framework or where additional skills are required.

The Chief Executive is appointed by the trustees to manage the day-to-day operations of Reall, subject to the direction of the Board and any restrictions set out within the Articles of Association. To facilitate effective operations, the Chief Executive has delegated authority, as set out in the Schedule of Delegated Authority, for all operational matters including finance, employment, and operations.

Audit Committee

The Audit Committee meets quarterly and provides oversight of finance, assurance and risk management, and reports the work of the Committee to the Board in accordance with the governance timetable of meetings.

Directors' Report

Directors and Trustees since 1 April 2021:

Name	Specialism	
Chris Loughlin (Chair)	Organisational leadership, regulation and investor relations, government, and policy	
Steven Troop	Treasury management, investment, and banking	Reappointed 22 February 2022
Kate Wareing	Organisational leadership, strategy development, housing, international development	Resigned 7 June 2022
Diana Mitlin	Urban housing development and governance, academia, research, emerging markets	
Paul Hackett	Construction, organisational leadership and governance, investment, and housing	
Andrea Marmolejo	Emerging and frontier financial markets Asia and Africa, impact investment	
Sarah Smith	Finance, Audit, Regulation, Governance and Business Planning in UK Social Housing	
Aqualine Suliali	Construction, Investment and Project Management in Social Housing in emerging overseas markets	

Report of the trustees for the year ended 31 March 2022 (continued)

Directors' Report (continued)

Trustee Induction and Training

All newly appointed trustees follow a standard induction process that includes an initial meeting with the Chief Executive as well as the completion of a skills analysis to establish the specialism that the new member brings to the Board. A formal induction pack provides information on Reall's background and aims, its legal and governance structure, and staffing structure. Members receive briefings from staff on relevant changes to legislation and the impact that this has on the activities of the organisation or the way in which they carry out their role.

Board members play an active role in attending forums and events, including with key donors and other stakeholders. Training is provided to Board members as required, and the governance system Diligent has a reading room where articles and research material are stored for access by the Board.

A review of Trustee performance is carried out by the Chair every year.

Third Party Indemnity Provision for Directors

Qualifying third party indemnity provision is in place for the benefit of all trustees of Reall.

Pay Policy for Senior Staff

The directors consider that the Board, who are the trustees of Reall, and the senior management team (as set out in the table below) comprise the key management personnel in charge of directing and controlling, running, and operating Reall on a day-to-day basis.

The pay of the senior staff is reviewed regularly following a formal review carried out by external consultants, considering benchmarking against similar organisations and the salary market more generally. The remuneration of the senior management team is detailed in note 8 to these accounts.

Remuneration

None of the trustees receives any remuneration or other benefit from their work with Reall. They are entitled to receive expenses to reimburse them for the costs of carrying out their role as trustees.

Senior Management Team

Ian Shapiro	Chief Executive
Patrick Domingos-Tembwa	Asia & Africa Partnerships Director
Lucy Livesley	Policy & External Affairs Director
Mark Atterton	Commercial Director to 20 April 2022
Noel Grace	Finance Director to 20 April 2022 Commercial and Governance Director from 21 April 2022

Relationships with Other Organisations

Although, as indicated above, Reall is committed to achieving its objectives through partnership with other organisations, other than through its investments in certain companies as set out in note 12, it is not directly connected with any other charities or similar organisations.

Donations in Kind

Reall is not dependent upon the services of unpaid volunteers. It has benefited from certain voluntary services, primarily uncharged professional advice, and assistance from supporting organisations and individuals. Such donations in kind are not included in the Statement of Financial Activities as they cannot be easily quantified and are not considered to be significant in the context of expenditure generally.

Report of the trustees for the year ended 31 March 2022 (continued)

Directors' Report (continued)

Trustees' Responsibilities in Relation to the Financial Statements

The trustees, who are also the directors of the company for the purposes of company law, are responsible for preparing a Trustees' Annual Report including Directors' Report, Strategic Report, and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the company and of the incoming resources and application of resources, including income and expenditure, of the company for that period. In preparing the financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently.
- Observe the methods and principles of the Charities SORP.
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to assume that the charity will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity, and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

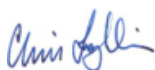
The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement as to Disclosure to our Auditors

In so far as the trustees are aware at the time of approving our Trustees' Annual Report:

- There is no relevant information, being information needed by the auditor in connection with preparing their report, of which the auditor is unaware, and
- The trustees, having made enquiries of fellow directors that they ought to have individually taken, have each taken all steps that he/she is obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of the information.

The Report of the Trustees prepared under the Charities Act 2011, which also contains all information required in a Directors' Report by the Companies Act 2006, and the incorporated Strategic Report prepared under the Companies Act 2006, were approved by the Board of Trustees on 20th September 2022 and signed on behalf of the Trustees by:



Christopher Loughlin
Chair

20th September 2022

Independent Auditor's Report to the Trustees and Members of Reall Limited

Opinion

We have audited the financial statements of Reall Limited ('the charitable company') for the year ended 31 March 2022 ended which comprise Statement of Financial Activities, Balance Sheet, Statement of Cash Flows, and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 charitable company's affairs as at 31 March 2022 and of income and expenditure, for the 31 March 2022 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 Companies Act 2006 and the Charities and Trustee Investment (Scotland) Act 2005 and Regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (amended).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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 charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Independent Auditor's Report to the Trustees and Members of Reall Limited (continued)

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit

the information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and

the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 requires us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 17, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with the Acts 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.

Independent Auditor's Report to the Trustees and Members of Reall Limited (continued)

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.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006 and The Charities and Trustee Investment (Scotland) Act 2005 together with the Charities SORP (FRS102) 2019. We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company for fraud. The laws and regulations we considered in this context for the UK operations were Anti-fraud, bribery and corruption legislation and taxation legislation.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, internal audit and the Audit Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, designing audit procedures over income, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission, and reading minutes of meetings of those charged with governance.

Owing 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, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

Independent Auditor's Report to the Trustees and Members of Reall Limited (continued)

In addition, 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 non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company's trustees, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Tara Westcott
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
4th Floor
St James House
St James Square
Cheltenham
GL50 3PR
23rd September 2022

Statement of Financial Activities (including Income and Expenditure Account)

For the year ended 31 March 2022

		Unrestricted Funds	Restricted Funds	2022 Total £	2021 Total £
	Notes	£	£		
INCOME FROM:					
Donations and legacies	1	11,167	-	11,167	14,395
Other trading activities	1	-	263,598	263,598	-
Charitable activities	1	-	3,468,709	3,468,709	7,821,914
Investments	1	106	331	437	8,639
TOTAL INCOME		11,273	3,732,638	3,743,911	7,844,948
EXPENDITURE ON:					
Raising funds	5	9,284	-	9,284	8,576
Charitable activities	6	31,213	10,878,538	10,909,751	8,987,572
TOTAL EXPENDITURE		40,497	10,878,538	10,919,035	8,996,148
Net (expenditure) for the year		(29,224)	(7,145,900)	(7,175,124)	(1,151,200)
Transfers between funds	21	-	-	-	-
		(29,224)	(7,145,900)	(7,175,124)	(1,151,200)
Other recognised gains/(losses)					
Actuarial gains/(losses) in respect of pension scheme	20	6,649	519,851	526,500	(586,000)
NET MOVEMENT IN FUNDS		(22,575)	(6,626,049)	(6,648,624)	(1,737,200)
RECONCILIATION OF FUNDS:					
Balance brought forward at 1 April 2021		847,918	33,813,389	34,661,307	36,398,507
BALANCE CARRIED FORWARD AT 31 MARCH 2022	21/22	825,343	27,187,340	28,012,683	34,661,307

The income and expenditure all relate to continuing operations.

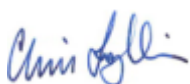
Balance Sheet as at 31 March 2022

Company registration Number: 2713841

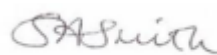
		2022		2021	
	Note	£	£	£	£
Fixed assets:					
Intangible assets	10		76,105		68,163
Tangible assets	11		422,741		459,913
Investments:					
Subsidiary companies	12		178,830		1,244,242
Programme Related Investments	13		21,065,082		29,178,203
Total fixed assets			21,742,758		30,950,521
Current Assets					
Debtors falling due within one year	14	2,110,529		147,689	
Remedial Projects	15	-		1,564,691	
Cash at bank and in hand	19	5,295,093		3,558,856	
Total Current Assets		7,405,622		5,271,236	
LIABILITIES:					
Creditors falling due within one year	16	(633,741)		(517,326)	
Net current assets			6,771,881		4,753,910
Total assets less current liabilities			28,514,639		35,704,431
Creditors falling due after more than one year	17		(148,956)		(113,629)
Net Assets excluding pension liability			28,365,683		35,590,802
Net defined benefit pension scheme obligation	20		(353,000)		(929,495)
TOTAL NET ASSETS			28,012,683		34,661,307
FUNDS:					
Restricted funds	22		27,187,340		33,813,389
Unrestricted income funds	21		825,343		847,918
TOTAL CHARITY FUNDS			28,012,683		34,661,307

The accounting policies and notes on pages 25 to 52 form part of these accounts.

The financial statements were approved by the Board of Trustees and authorised for issue on 20th September 2022 and are signed on its behalf by:



Christopher Loughlin, Chair



Sarah Smith, Chair of Audit Committee

Statement of Cash Flows

For the year ended 31 March 2022

	Note	2022 £	2021 £
Cash flows from operating activities:			
Net cash generated by operating activities	18	(816,223)	2,620,663
Cash flow from Housing Investment:			
Loans to Partners		(761,641)	(6,378,902)
Direct construction of homes		(478,680)	(2,523,010)
Disposal proceeds received as at year end for houses in Remedial Projects		971,209	-
Loans repaid by partners		2,952,283	3,064,358
		2,683,171	(5,837,554)
Cash flows from other investing activities:			
Bank interest received		437	8,639
Purchase of tangible fixed assets		(34,455)	(133,931)
Purchase of intangible assets		(46,964)	(74,441)
Sale of office premises		-	870,000
		(80,982)	670,267
Cash flows from financing activities:			
Mortgage repayments		-	(492,644)
Mortgage interest paid		-	(41,989)
Repayment of HI Fund loans		-	(36,025)
		-	(570,658)
Change in cash and cash equivalents in the year		1,785,966	(3,117,282)
Cash and cash equivalents at the beginning of the year	19	3,558,856	6,723,208
Change in cash and cash equivalents due to exchange rate movements		(49,729)	(47,070)
Total cash and cash equivalents at the end of the reporting period	19	5,295,093	3,558,856

Accounting Policies

The principal accounting policies adopted in the preparation of the financial statements are as follows:

General information

The charity is a company limited by guarantee and therefore has no share capital. It is a registered charity at the Charity Commission in England & Wales (registered number 1017255) and the Scottish Charity Regulator (OSCR) in Scotland (registered number SC041976). The liability of each member in the event of a winding up is limited to £1. The address of the Charity's registered office and principal place of business is 6th Floor, Friars House, Manor House Drive, Coventry, UK, CV1 2TE.

Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) – Charities SORP (FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Reall is taking exemption under FRS102 not to prepare consolidated accounts for incorporating the results on the entities in which Reall has an equity stake. This is under the grounds of non-control over the subsidiaries, and this is reviewed on an annual basis. The basis of non-control is further elaborated in note 12, therefore the accounts presented are for Reall Limited as a separate entity.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

Reall meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

Going concern

The Board, in March 2022, approved a full-year budget for the year ending 31 March 2023 and cash flow projections through to 31 March 2024.

The budget was set against the background of the latest discussions with Sida in respect of life after our current contract ends on 31 March 2023. There is general agreement with Sida that the final payment on the contract of approximately £2.8 million will be made in financial year 2023/24, however that is subject to confirmation. We have tested our cash flow projections to 31 March 2024 and remain viable without further grant funding but noting there would be a significant impact on our operations. We are expecting £4 million from loan repayments, cancelled projects, and our sale of shares in IPL in Pakistan, and recovery of these amounts is a continued focus.

Reall has in place sufficient financial resources to finance committed investment programmes, alongside the day-to-day operations. Reall has also carried out stress tests of its current investment programme and has demonstrated that Reall is in a financially sound position and achieves the internal reserves policy requirements.

On this basis, the Board has a reasonable expectation that Reall has adequate resources to continue in operational existence for the foreseeable future, being a period of at least twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

Accounting Policies (continued)

Income

Income is recognised when the charity has entitlement to the funds, any conditions of receipt have been met, it is probable that the income will be received, and the amount can be measured reliably.

- Voluntary donations are accounted for in the period in which they are received.
- Legacies are accounted for as soon as the cash is received, or on an estate accounts basis when as soon as entitlement, probability of receipt and the amount can be measured reliably is known.
- Investment income is recognised on a receivable basis.
- Grants receivable income, where related to performance and specific deliverables, is accounted for as the Charity earns the right to consideration by its performance. Where income is received in advance of performance, its recognition is deferred and included in creditors. Where entitlement occurs before income is received, the income is accrued.

Expenditure

Expenditure is recognised as soon as there is a legal or constructive obligation committing the charity to the expenditure. The charity is not registered for VAT and consequently all costs are inclusive of VAT where applicable. Expenditure is classified under the following activity headings:

- Raising funds – include specific campaign and event costs and promotional material.
- Charitable activities – include grants made to international partner organisations to carry out work in line with our objectives. Grants paid in respect of the programme relate to expenses paid on behalf of partner organisations in relation to stakeholder events, low-value capital projects (where the partner is not sufficiently developed to be able to make loan repayments) and capacity building and project support. All other funds advanced to partners under the programme are made in the form of loans, which are referred to as Programme Related Investments for the purposes of these accounts.
- Charitable activities also include the direct costs of the investment programme. These direct costs include, for example, monitoring and evaluation (including our internal assurance programme), travel, consultancy fees, documentation production, and legal fees. Our disbursements of funds in the form of loans to international partner organisations, whilst being for charitable purposes, do not appear under Charitable Activities in the Statement of Financial Activities. These disbursements appear on our Balance Sheet as Programme Related Investments and are further broken down in note 13.
- Support costs include staff and general overhead costs as well as direct governance costs. They are apportioned across the various areas of activity both restricted and unrestricted in the following manner:
 - Salary and related costs (pension, national insurance, etc.) are allocated on a percentage basis according to the amount of time spent in each area.
 - General overhead costs are allocated according to the total proportion of staff time spent in that area.
 - Governance costs include the costs associated with meeting constitutional and statutory requirements. This includes the costs of the annual audit as well as Board meetings and other Trustees' expenses.

Fund accounting

General Unrestricted Funds are available for use at the Trustees' discretion in furtherance of the charity's objectives. Restricted Funds are those donated and restricted for use in a particular area or for specific purposes.

Accounting Policies (continued)

Operating leases

All leases are “operating leases” and the annual rentals are charged to the Statement of Financial Activities on a straight-line basis over the lease term.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense. The holiday pay year for the charity ends on 31 December each year and employees are entitled to carry forward up to 10 days of any unused entitlement at the end of the calendar year. The cost of any unused entitlement is recognised in the period when the employee’s services are received.

Foreign currencies

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the Balance Sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the Statement of Financial Activities.

Taxation

Tax recovered from voluntary income received under gift aid is recognised when the related income is receivable and is allocated to the income category to which the income relates.

Tangible & Intangible fixed assets

Tangible fixed assets are capitalised at cost and are depreciated over their useful economic lives as follows:

Computer equipment	- over 2 years (straight-line)
Furniture and fixtures	- over 10 years (straight-line)
Intangible assets	- over 3 years (straight-line)

Joint ventures and associates

Joint ventures and associates comprise equity shareholdings in international partner organisations in furtherance of our aims. These shareholdings are generally made in sterling and disclosed at cost although the underlying shares are denominated in the relevant local currency.

Investments in these entities are reviewed on an annual basis to ensure that their carrying value reflects the underlying assets and liabilities of each entity. Provisions for impairment are made where necessary and are taken to the Statement of Financial Activities. It is the opinion of the trustees that cost less provision for impairment represents the best estimate of the carrying value of the investments as at the Balance Sheet date.

Remedial Projects

These represent the value of building projects under construction by third party contractors at the lower of cost or realisable value after consideration of any impairment on the value of the work in progress.

Programme Related Investments

Programme Related Investments comprise loans issued to, and equity stakes in, international partner organisations for projects in furtherance of our aims. The majority of these loans or equity stakes are disbursed in the usual functional currency for the relevant partner.

Payments of the principal and any repayments of either principal or interest are initially disclosed in the Balance Sheet at cost using the exchange rate ruling at the date of the transaction. Exchange rate differences arising at the time of any repayment are taken to Charitable Activities in the Statement of Financial Activities.

Accounting Policies (continued)

Programme Related Investments (continued)

Outstanding balances at the year-end are re-translated at the prevailing exchange rate at the Balance Sheet date, with any further exchange rate gains or losses also taken to the Statement of Financial Activities.

Due to the breadth of our loan portfolio across numerous countries there is the potential for material exchange rate fluctuations which could impact the total valuation of Programme Related Investments both positively and negatively. We monitor this on a cyclical basis throughout the year.

Each year, the Trustees consider the recoverable amount of each outstanding loan and make provisions for impairment based on a formal assessment carried out by management. Provisions for impairment are taken to the Statement of Financial Activities.

It is the opinion of the trustees that cost less provision for impairment represents the best estimate of the carrying value of the loans as at the Balance Sheet date.

Debtors

Other debtors and prepayments are recognised at the settlement amount.

Cash and cash equivalents

Cash and cash equivalents include cash and short-term liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Creditors and provisions

Creditors and provisions are recognised when the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount.

Financial instruments

The charity only has financial assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Pension costs

The charity participates in the Social Housing Pension Scheme (SHPS) which is a multi-employer scheme which provides benefits to some 500 non-associated employers in the UK. The charity participates in two separate active defined contribution schemes and one closed defined benefit scheme within SHPS as follows:

Defined Contribution Scheme

This scheme acts as the auto-enrolment scheme and all employees are automatically enrolled in the scheme when they join unless they opt to join the Higher Rate Defined Contribution Scheme. Contributions are charged to the Statement of Financial Activities in the year they are payable.

Higher Rate Defined Contribution Scheme

This scheme replaced the Defined Benefit Scheme that Reall had been a member of for many years and is open to any employees who wish to join it instead of the auto-enrolment scheme. Contributions are charged to the Statement of Financial Activities in the year they are payable.

Accounting Policies (continued)

Pension costs (continued)

Defined Benefit Scheme

This scheme was open to any employees who wished to join it until 1 October 2018 when the scheme was closed to new accrual. The closure took place following the outcomes from the autumn 2017 employer risk assessment, which indicated that Reall did not have a strong enough covenant to maintain an active Defined Benefit scheme under the scheme provider's rules.

For the first time in the year to 31 March 2019, it was possible to obtain sufficient information to enable the charity to account fully for the scheme as a defined benefit scheme. The deficit on the scheme is reported as a Defined Benefit Pension Scheme obligation on the Balance Sheet.

The net defined benefit asset/obligation represents the present value of the defined benefit obligation minus the fair value of scheme assets out of which obligations are to be settled.

The rate used to discount the benefit obligations to their present value is based on market yields for high quality corporate bonds with terms consistent with those of the benefit obligations. The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost. Net interest on the net defined benefit liability comprises the interest cost on the defined benefit obligations and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. These amounts are recognised within net income/expenses. Actuarial gains and losses and the difference between the interest income on scheme assets and the actual return on scheme assets are recognised in other recognised gains and losses.

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 Trustees have identified that the estimates and assumptions that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities within the next financial year are as follows:

- Programme Related Investments – provisions for impairment

Provisions for impairment as set out in note 13 are made based on a formal review carried out by management which focuses on a range of factors including compliance with loan repayment terms, delays in project implementation and the organisational and financial stability of the partner as well as external factors such as policy change or political interference. This is also informed by the assessment carried out by the internal assurance team, supported by KPMG, and regular reviews of the expected outcomes of the project against the initial business case. All our partners are relatively new organisations, and their operations are generally reliant on a small number of key individuals. In general, the Trustees consider that Programme Related Investments have limited realisable value if they are not repaid in accordance with the terms on which the investment was made.

Accounting Policies (continued)

Critical Accounting Estimates and Areas of Judgement (continued)

- Equity stakes in partners – non-consolidation

The charity has several equity stakes in partners as set out in note 12 – Joint Ventures and Associates. The charity considers the substance of each of these investments where the shareholding would generally require that the results and net assets of the partners to be consolidated into the accounts of the UK charity. Note 12 sets out the rationale for the non-consolidation of each of the relevant partner entities, with the trustees regularly review to confirm the position, and, as a result, has not produced consolidated accounts.

- Equity stakes in partners – Nepal

The charity has taken equity stakes in its partner in Nepal because the legislation in that country does not allow the partner to receive loans from the charity. Loans advanced by Reall to this partner are therefore recognised as equity in the accounts of our Nepalese partner. The Trustees consider that the substance of these transactions remains that of a loan investment rather than an equity investment for the reasons disclosed in note 12. The equity stake has therefore been assessed and subjected to impairment using the same accounting policies as other Programme Related Investments.

- Equity stakes in partners and joint ventures and associates – provisions for impairment

Provisions for impairment as set out in note 12 are made based on a formal review carried out by management, which focuses on the net assets underlying the investment as well as the general financial stability of the partner. In general, the Trustees consider that these equity stakes have limited resale value on the open market if they do not continue to operate in accordance with the basis on which the investment was made.

- Defined Benefit Pension Scheme liabilities

The charity, in conjunction with the scheme actuary, assesses the assets and liabilities of the scheme, and hence the net liability at each year-end using a number of key assumptions including mortality rates, discount rates, inflation and salary growth in order to establish the fair value of the assets and liabilities at the Balance Sheet date. Further information in relation to the assumptions used to evaluate the deficit as of 31 March 2022 is set out in note 20 to these accounts.

Notes to the Financial Statements for the year ended 31 March 2022

1 INCOME

	Unrestricted Funds £	Restricted Funds £	2022 Total £	2021 Total £
Income from donations and legacies:				
General Donations	11,167	-	11,167	14,396
	11,167	-	11,167	14,396
Income from other trading activities:				
Profit on sale of IPL shares	-	230,857	230,857	-
Profit on sale of Oakleaf assets	-	32,741	32,741	-
	-	263,598	263,598	-
Investment income (note 4)				
Interest on deposit accounts	106	331	437	8,639
	106	331	437	8,639
Income from charitable activities:				
Grants receivable:				
Statutory sources (note 2)	-	2,892,009	2,892,009	7,424,807
Trusts and foundations (note 3)	-	390,281	390,281	-
Other Donors (note 3)	-	-	-	425,568
Interest on loans	-	186,419	186,419	(28,462)
	-	3,468,709	3,468,709	7,821,913
TOTAL INCOME	11,273	3,732,638	3,743,911	7,844,948

2 STATUTORY GRANTS RECEIVABLE

	2022 £	2021 £
Communities Fund:		
Foreign, Commonwealth and Development Office – Private Sector Department	-	1,291,595
Foreign, Commonwealth and Development Office - IMPACT	-	22,599
Swedish International Development Co-operative Agency	2,892,009	6,110,613
	2,892,009	7,424,807

3 TRUSTS, FOUNDATIONS, AND OTHER GRANTS RECEIVABLE

	2022 £	2021 £
New Story Inc.	384,464	-
Contribution to office move	-	50,000
Homeless International Grants	-	375,568
Karandaaz Pakistan	5,817	-
	390,281	425,568

Notes to the Financial Statements for the year ended 31 March 2022 (continued)

4 INVESTMENT INCOME

Investment income consists of interest received and accrued on deposits with UK banks and overseas deposits.

	Unrestricted Funds £	Restricted Funds £	2022 Total £	2021 Total £
Interest on deposit accounts:				
Investment Fund	-	-	-	8,155
HI Fund	106	-	106	418
Other	-	331	331	66
	<u>106</u>	<u>331</u>	<u>437</u>	<u>8,639</u>
 Interest on partner loans:			 186,419	 (28,462)
			<u>186,419</u>	<u>(28,462)</u>

5 EXPENDITURE ON RAISING FUNDS

	Unrestricted Funds £	Restricted Funds £	2022 Total £	2021 Total £
Other fundraising costs	-	-	-	-
Support costs	9,284	-	9,284	8,576
Total cost of raising funds	<u>9,284</u>	<u>-</u>	<u>9,284</u>	<u>8,576</u>

Notes to the Financial Statements for the year ended 31 March 2022 (continued)

6 CHARITABLE EXPENDITURE

	Unrestricted Funds	Restricted Funds	2022 Total £	2021 Total £
	£	£	£	£
Investment Programme				
Capital and Capacity Grants (note 7)	-	389,612	389,612	1,386,951
	<u>-</u>	<u>389,612</u>	<u>389,612</u>	<u>1,386,951</u>
Loans and equity converted to grant (note 7)	-	872,502	872,502	4,262,713
Loans and equity written off	-	-	-	977,519
Provisions released on loan conversions and write-offs	-	(414,844)	(414,844)	(5,166,229)
Impairment provision movement on loans	-	3,785,769	3,785,769	83,852
Impairment provision movement on remedial projects	-	278,925	278,925	1,345,255
Exchange losses	-	1,449,994	1,449,994	2,263,782
	<u>-</u>	<u>5,972,346</u>	<u>5,972,346</u>	<u>3,766,892</u>
Support costs (Employees & Overheads)	-	3,194,217	3,194,217	2,924,588
Direct Operational Costs	-	1,322,363	1,322,363	875,158
	<u>-</u>	<u>4,516,560</u>	<u>4,516,580</u>	<u>3,799,746</u>
Other				
Direct – Interest payable on Reall Bond	-	-	-	1,482
Direct – Governance costs	-	-	-	463
Support costs (note 8)	31,213	-	31,213	32,038
	<u>31,213</u>	<u>-</u>	<u>31,213</u>	<u>33,983</u>
Total	<u>31,213</u>	<u>10,878,538</u>	<u>10,909,751</u>	<u>8,987,572</u>

Notes to the Financial Statements for the year ended 31 March 2022 (continued)

7 INVESTMENT PROGRAMME GRANTS

	2022 £	2021 £
Grants Paid:		
Affordable Housing Solutions (Tanzania)	-	5,000
Ansaar Management Company (Pakistan)	-	574,974
BXS Group Limited (Kenya)	60,861	50,497
Casa Real (Mozambique)	9,648	260,093
Centrum Real Estate Limited (Kenya)	-	150
Enterprise for Housing Development/Uganda Co-operative Alliance (Uganda)	-	11,451
Entertainment Pakistan Limited (Pakistan)	-	150
Janaadhar (India)	28,580	224
Kwangu Kwako Limited (Kenya)	82,340	60,171
Linkbuild/Philippine Action for Community-Led Shelter Initiatives, Inc. (Philippines)	-	150
Millard Fuller Foundation (Nigeria)	57,202	53,375
Modulus Tech (Private) Limited (Pakistan)	101,085	140,459
National Association of Co-operative Housing Unions (Kenya)	-	99,995
Oakleaf/Kuyasa Fund (South Africa)	34,897	257
Sheltersol (Zimbabwe)	-	(79)
Smart Havens Africa Limited (Uganda)	14,999	130,084
Total grants paid in year	389,612	1,386,951

Capital funds are generally given to partners as loans rather than grants and these amounts appear as Programme Related Investments on the balance sheet (note 13). Grants which relate principally to capacity building grants totalled £293,201 (to 6 partners), these include grants to new partners & grants towards projects achieving EDGE accreditation (Excellence in Design for Greater Efficiencies). Other partners were awarded grants for research into topics which include: climate & green building, affordable housing solutions, gender dimensions in affordable housing, as well as sponsoring of travel & training for employees, this totalled £61,515 (to 3 partners). Oakleaf was awarded a grant to cover the cost of the retrenchment of two employees.

Notes to the Financial Statements for the year ended 31 March 2022 (continued)

7 INVESTMENT PROGRAMME GRANTS (continued)

	2022 £	2021 £
Loans and equity converted to grants:		
Affordable Housing Solutions (Tanzania)	-	140,921
Development Workshop Angola/Habiterro (Angola)	-	1,601,110
Enterprise for Housing Development / Uganda Co-operative Alliance (Uganda)	40,280	-
Linkbuild/Philippine Action for Community-Led Shelter Initiatives Inc. (Philippines)	-	78,757
Oakleaf/Kuyasa Fund (South Africa)	-	1,947,486
SPARC Samudaya Nirman Sahayak, Mumbai (India)	832,222	-
Water Sanitation for Africa (Burkina Faso and Ghana)	-	494,439
Total capacity loans converted to grants in year	872,502	4,262,713
Loans written off:		
Water Sanitation for Africa (Burkina Faso and Ghana)	-	977,519
Total loans written off	-	977,519

8 SUPPORT COSTS

The total support costs incurred during the year may be analysed as follows:

	Personnel Costs £	Office Costs & Depreciation £	2022 Total £	2021 Total £
Charitable expenditure (note 6)				
Programme support costs	2,350,890	843,327	3,194,217	2,924,588
Other unrestricted	23,160	8,053	31,213	32,038
	<u>2,374,050</u>	<u>851,380</u>	<u>3,225,430</u>	<u>2,956,626</u>
Raising funds (note 5)				
Support costs	6,974	2,310	9,284	8,576
Total support costs	2,381,024	853,690	3,234,714	2,965,202

Personnel costs include the following:

	2022 £	2021 £
Salaries and wages	2,013,773	1,930,276
Employer's social security	208,793	210,170
Pension costs (note 20)	96,531	85,426
Life assurance premium	6,367	5,474
	2,325,464	2,231,346
Consultants	55,560	44,100
	2,381,024	2,275,446

Key Management Personnel are those having authority and responsibility, delegated to them by the trustees, for planning, directing, and controlling the activities of the charity. Remuneration for key management personnel, including employers' national insurance contributions and contributions to the pension scheme, amounted to £568,385 (2021: £572,101).

Notes to the Financial Statements for the year ended 31 March 2022 (continued)

8 SUPPORT COSTS (continued)

The highest paid employees are as follows:

Band (excluding pension contributions and NI)	Number 2022	Number 2021
£150,000-£159,999		1
£140,000-£149,999	1	-
£90,000-£99,999	1	1
£80,000-£89,999	2	2
£70,000-£79,999	1	
£60,000-£69,999	6	3

The average number of employees during the year was 44 (2021: 40).

All directors give of their time freely and no director (or person connected to any director) received remuneration in the year. Expenses have been paid to five (2021: two) directors totalling £459 (2021: £263) during the year. This was to cover their travelling expenses incurred in attending meetings of the charity. Directors' Liability Insurance has been paid on behalf of the directors amounting to £1,871 (2021: £838).

9 EXPENDITURE

	2022 £	2021 £
Net expenditure includes charges/(credits) for:		
Interest payable on Reall bond	-	1,482
Interest payable on mortgage	-	41,989
Defined Benefit Scheme – net interest expense	20,000	9,000
Auditor's remuneration – audit services	27,600	24,000
Auditor's remuneration – other services	-	-
Depreciation	100,081	61,666
Profit/(loss) on disposal of tangible fixed assets	10,569	(54,532)
Rent on office accommodation	113,617	127,624
Operating leases – plant and machinery	2,167	2,923

10 INTANGIBLE ASSETS

	Software £	Total £
Cost		
As at 1 April 2021	74,441	74,441
Additions	46,964	46,964
Disposals	-	-
Reclassification	12,336	12,336
As at 31 March 2022	133,741	133,741
Depreciation		
As at 1 April 2021	6,278	6,278
Charge for the year	39,022	39,022
Disposals	-	-
Reclassification	12,336	12,336
As at 31 March 2022	57,636	57,636
Net Book Value		
As at 31 March 2022	76,105	76,105
As at 31 March 2021	68,163	68,163

Notes to the Financial Statements for the year ended 31 March 2022 (continued)

11 TANGIBLE FIXED ASSETS

	Computer Equipment	Furniture, Fixtures & general equipment	Total
	£	£	£
Cost			
As at 1 April 2021	78,459	501,685	580,144
Additions	29,387	5,068	34,455
Disposals	-	(17,126)	(17,126)
Reclassification	(12,336)	-	(12,336)
As at 31 March 2022	95,510	489,627	585,137
Depreciation			
As at 1 April 2021	61,561	58,669	120,230
Charge for the year	18,703	42,356	61,059
Disposals	-	(6,557)	(6,557)
Reclassification	(12,336)	-	(12,336)
As at 31 March 2022	67,928	94,468	162,396
Net Book Value			
As at 31 March 2022	27,582	395,159	422,741
As at 31 March 2021	16,898	443,016	459,914

These assets are used for administration and for the direct charitable purposes of the charity. Individual assets are not allocated to specific purposes.

Notes to the Financial Statements for the year ended 31 March 2022 (continued)

12 JOINT VENTURES AND ASSOCIATES

	Class of holding	Cost of investment	Proportion held	Aggregate capital and reserves	Results for the period	Nature of business
		£		£	£	
Sewa Nirman Private (incorporated in Nepal)	Limited	-	95%	3,375,592	(43,871)	Investment
Sheltersol Holdings (incorporated in Zimbabwe)	Limited	-	49%	(1,543,241)	(435,652)	Investment
Ansaar Management Company (Private) Limited (incorporated in Pakistan)	Limited	178,830	25%	2,185,654	(751,296)	Investment
Oakleaf investment cost fully converted to grant in FY21	Limited	1,403,893 (1,403,893)	100%	-	-	Investment
		<u>178,830</u>				

Reall has made loans or grants to these companies, and these are recorded in Charitable Expenditure within the Statement of Financial Activities (grants) or in Programme Related Investments (note 13) (loans). We also hold shares in Lendco and AHS at nil value.

The figures for aggregate capital and reserves and results for the period set out in the table in this note have been extracted from the most recent unaudited management information available at the date of signing these Financial Statements – this is as at 31 March 2022. Apart from Oakleaf where they are no Financial Statements available.

On 5 February 2021 the Reall Board approved a resolution confirming the sale of all the shares held by Reall in Immersion Private (PVT) Limited (IPL). Reall was able to dispose of it's shareholding in Immersion Private (PVT) Limited (IPL) in November 2021.

In the case of Sewa, Nepalese law does not allow a Nepali entity to receive repayable loans (as is the usual practice for Reall) from a non-Nepali entity. In order to continue to invest in the Nepali partner, the funds advanced to Sewa have therefore been made in the form of part paid share capital and recorded as such in the books of Sewa. This means that Reall has a 95% equity stake in Sewa and as such it would be expected that the results of Sewa should be consolidated within the accounts of Reall. However, it is the opinion of the trustees, that there are substantial restrictions on our ability to do business in Nepal under our normal terms. It is their view that the substance of the relationship between Reall and Sewa is still one of loan provider/receiver and not one of parent and subsidiary.

The basis for non-consolidation is that Reall doesn't have control over the entity. The results of Sewa have not therefore been consolidated into the accounts of Reall and the amounts advanced have been separately shown as equity investments within Programme Related Investments. No other cost has been attributed to Reall's holdings in Sewa.

Notes to the Financial Statements for the year ended 31 March 2022 (continued)

12 JOINT VENTURES AND ASSOCIATES (continued)

Reall invested funds in Oakleaf following the administration of its previous South African partner, The Kuyasa Fund. Reall is currently still a 100% shareholder of Oakleaf with plans to conclude the winding up of Oakleaf in FY23.

The funds invested in Oakleaf were fully utilised for public benefit, with Kuyasa having issued 6,300 home improvement loans since 2014, which have improved the housing conditions for over 30,000 people. In spite of the impressive impact of Oakleaf and Kuyasa, there is no prospect of any financial recovery of the initial investment, and the equity holding was converted to grant in March 2021.

The movement in the carrying value of joint ventures and associates over the year is as follows:

	2022	2021
	£	£
Balance at 1 April	1,244,242	1,244,242
Additions in the year	-	-
Disposals in the year	(1,065,412)	-
At 31 st March	<u>178,830</u>	<u>1,244,242</u>
Impairment at 1 April	-	-
Impairment provisions in the year	-	-
At 31 st March	<u>-</u>	<u>-</u>
Net Book Value at 31 March	<u><u>178,830</u></u>	<u><u>1,244,242</u></u>

At the end of the financial year, we have carried out an impairment review in respect of the carrying value of these investments. The review did not indicate the need for an additional impairment provision in respect of other investments in joint ventures and associates, except for Sewa where an impairment provision amounting to £2,518,387 has been made within Programme Related Investments (note 13).

In accordance with the provisions of the Sida grant agreement, equity investments through the purchase of share capital in third party organisations is not permitted. There have been no equity investments using Sida funds since FY 2018. Reall is working on the exit from previous investments which have been financed through pooled donor funds. All proceeds from sales of equity investments that could be attributed to Sida funding will be accounted for through the provisions of the grant agreement, disclosed in the statutory accounts and subject to audit. There are no proceeds amounts to record in FY22.

The registered addresses of these joint ventures and associates are as follows:

Sewa Nirman Private	Ward No 3, Lalitpur Sub-Metropolitan City of Lalitpur District, Nepal
Sheltersol Holdings	50 Bradfield Road, Hillside, Harare, Zimbabwe
Ansaar Management Company	31/10-A, Abu Bakr Block, New Garden Town, Lahore, Pakistan
Oakleaf Investment Holdings	3 Wrensch Road, Observatory, Cape Town, Western Cape, 7925, South Africa

Notes to the Financial Statements for the year ended 31 March 2022 (continued)

13 PROGRAMME RELATED INVESTMENTS

	2022 £	2021 £
Loans	19,967,970	27,749,536
Accrued interest on loans	1,097,112	1,428,667
	21,065,082	29,178,203

13 PROGRAMME RELATED INVESTMENTS (continued)

LOANS	Loan Fund £	Equity Investments £	Total £
Gross investments – loans:			
As at 1 April 2021	37,923,818	5,117,567	43,041,385
New loans advanced during the year	761,641	-	761,641
Loans converted to grant	(858,055)	-	(858,055)
Loans written off	-	-	-
Loans repaid in cash from cancelled projects	(1,590,434)	-	(1,590,434)
Loan repayments made	(1,361,849)	-	(1,361,849)
Exchange rate losses on translation	(1,136,761)	(88,821)	(1,225,582)
As at 31 March 2022	33,738,360	5,028,746	38,767,106
Impairment provisions:			
As at 1 April 2021	11,749,113	3,542,735	15,291,848
Impairment movement in the year	3,814,055	-	3,814,055
Release of impairment against Oakleaf	(28,286)	-	(28,286)
Release of impairment provisions on loans converted to grant	(407,329)	-	(407,329)
Exchange rate (losses)/gains on revaluation	190,335	(61,488)	128,847
As at 31 March 2022	15,317,889	3,481,247	18,799,136
Net investments as at 31 March 2022	18,420,471	1,547,499	19,967,970
Net investments as at 31 March 2021	26,174,704	1,574,832	27,749,536

All loans are concessionary loans, with a typical term of 5-7 years. Loans advanced since the end of 2014 have generally been interest bearing at varying rates (generally between 5% and 6%). As at 31 March 2022, 55% (2021: 60%) of the current loan portfolio is interest-bearing.

Notes to the Financial Statements for the year ended 31 March 2022 (continued)

13 PROGRAMME RELATED INVESTMENTS (continued)

Reall's loans are largely denominated in local currency and all exchange gains and losses are absorbed into/by the funding portfolio. We operate in a number of countries with volatile currencies and as such the valuation of our loan portfolio can vary significantly over relatively short time periods.

These recoverable amounts are subject to loan impairment (shown above).

Analysis of gross loans by debt maturity:	2022 £	2021 £
Amounts payable:		
In one year or less or on demand	12,985,213	19,045,672
In more than one year but not more than two years	6,525,705	4,373,234
In more than two years but not more than five years	13,123,040	14,288,601
In five years or more	6,133,148	5,333,878
	38,767,106	43,041,385

13 PROGRAMME RELATED INVESTMENTS (continued) ACCRUED INTEREST ON LOANS

	Loan Funds £
Gross accrued loan interest:	
As at 1 April 2021	3,083,856
Interest repaid in cash in the year	(308,098)
Loans converted to grant in year	(589)
New accrued interest in year	173,345
As at 31 March 2022	2,948,514
Loan Interest Impairment provisions:	
As at 1 April 2021	1,655,190
New provisions during the year	196,801
Release of impairment provisions on loans converted to grant	(589)
As at 31 March 2022	1,851,402
Net accrued interest as at 31 March 2022	1,097,112
Net accrued interest as at 31 March 2021	1,428,667

Notes to the Financial Statements for the year ended 31 March 2022 (continued)

14 DEBTORS

	2022 £	2021 £
Debtors due within one year:		
Prepayments and accrued income	109,863	132,045
Other	2,000,666	15,644
	<u>2,110,529</u>	<u>147,689</u>

15 REMEDIAL PROJECTS

	2022 £	2021 £
Gross Investment – Remedial Projects:		
Balance as at 1 April	3,372,533	849,523
Additions in year	478,680	2,523,010
Disposals in year	(3,851,213)	-
Balance as at 31 March	<u>-</u>	<u>3,372,533</u>
Impairment Provisions:		
Balance as at 1 April	1,807,842	462,587
Impairment in year (inc. FX unrealised loss)	324,761	1,345,255
Impairment reversed out due to sale of asset	(2,132,603)	-
Balance as at 31 March	<u>-</u>	<u>1,807,842</u>
Net Remedial Projects as at 31 March	<u>-</u>	<u>1,564,691</u>

16 CREDITORS - amounts falling due within one year

	2022 £	2021 £
Creditors due within one year:		
Unpaid supplier invoices	240,505	183,500
Taxation and pension costs outstanding	-	8,726
Accruals	298,463	220,228
Deferred rent	14,047	7,997
Holiday pay accrual	80,726	91,093
Other Creditors	-	5,782
	<u>633,741</u>	<u>517,326</u>

17 CREDITORS - amounts falling due after more than one year

	2022 £	2021 £
Creditors due after more than one year:		
Deferred rent	148,956	113,629
	<u>148,956</u>	<u>113,629</u>

Notes to the Financial Statements for the year ended 31 March 2022 (continued)

17 CREDITORS: Amounts falling due after more than one year (continued)

Movement on HI / Reall loans during the year was as follows:

	2022	2021
	£	£
Balance as at 1 April:		
Falling due within less than one year	-	362,971
Falling due after one year	-	47,150
Interest accrued in the year	-	1,482
Loans repaid	-	(36,024)
Loans converted to grant	-	(375,579)
Balance as at 31 March	<u>-</u>	<u>-</u>

Movement on Mortgage during the year was as follows:

	2022	2021
	£	£
Balance as at 1 April:	-	
Falling due within less than one year	-	50,617
Falling due after one year	-	442,027
Capital repaid	-	(492,644)
Balance as at 31 March	<u>-</u>	<u>-</u>

The mortgage taken out in August 2016 was to purchase our office accommodation and secured on that building. This was sold in August 2020, the mortgage repaid, and the charge on the building released.

Movement on Deferred Rent during the year was as follows:

	2022	2021
	£	£
Balance as at 1 April	121,626	15,734
Rent accrued during the year	41,377	105,892
Accrued rent utilised during the year	-	-
At 31 March	<u>163,003</u>	<u>121,626</u>

Analysis of debt maturity:

In one year or less or on demand	14,047	7,997
In more than one year but not more than two years	148,956	113,629
In more than two years but not more than five years	-	-
In five years or more	-	-
	<u>163,003</u>	<u>121,626</u>

Reall has entered into a lease for new premises which began on 14 February 2020 for a period of ten years. The lease allows for a reduced rent period of 20 months, the benefit of which is being spread over the life of the lease. The analysis of this is shown above.

Notes to the Financial Statements for the year ended 31 March 2022 (continued)

18 CASH FROM OPERATING ACTIVITIES

	2022 £	2021 £
Net expenditure for the year (as per the Statement of Financial Activities)	(6,648,624)	(1,737,200)
Adjustments for:		
Amortisation of intangible assets	39,022	6,278
Depreciation	61,059	55,389
Profit / (Loss) on disposal of fixed assets	10,569	(53,592)
Movement in pension provision	(576,495)	526,169
(Increase) in debtors	(1,962,840)	(64,782)
Increase in creditors	151,742	126,535
Transfer of remedial projects to Debtors	747,401	-
Transfer of investment to Debtors	1,065,412	-
Interest receivable	(437)	(8,639)
Mortgage interest payable	-	41,989
Homeless International grants	-	(374,097)
Unrealised exchange rate losses on loans	1,354,429	2,217,162
Exchange rate losses / (gains) on cash and cash equivalents due to exchange rate movements	49,729	47,070
Loans converted to grant or written off	858,055	3,836,343
Impairment movement	3,378,440	(3,678,484)
Impairment of Remedial Projects	324,761	1,345,255
Movement on accrued interest on loans	331,554	335,268
Net cash generated by operating activities	(816,223)	2,620,663

19 ANALYSIS OF CASH AND CASH EQUIVALENTS

	2022 £	2021 £
Cash in hand and at bank	5,295,093	3,558,856
Overdraft	-	-
	5,295,093	3,558,856

20 PENSION COMMITMENTS

	2022 £	2021 £
Defined benefit liability	353,000	929,495

Reall participates in three schemes under the Social Housing Pension Scheme ("SHPS") that are managed by The Pensions Trust. Two schemes are Defined Contribution Schemes, being a designated auto-enrolment scheme and a Higher Rate Defined Contribution Scheme.

Defined Contribution Scheme

This scheme was set up to enable Reall to meet its obligations with regard to auto-enrolment. The assets of this scheme are held separately from those of Reall and are administered separately from the assets of the Reall Defined Benefit Scheme. The pension charge represents contributions payable by Reall to the fund during the year and amounted to £26,648 (2021: £20,632). Contributions totalling £nil (in relation to the March 2022 payroll deductions) were due to the fund as at 31 March 2022 (2021: £nil).

Notes to the Financial Statements for the year ended 31 March 2022 (continued)

20 PENSION COMMITMENTS (continued)

Higher Rate Defined Contribution Scheme

This scheme was set up to replace the closed Defined Benefit Scheme that the charity had been a member of for many years and is open to any employees who wish to join it instead of the auto-enrolment scheme. The assets of this scheme are held separately from those of Reall and are administered separately from the assets of the Reall Defined Benefit Scheme. The pension charge represents contributions payable by Reall to the fund during the year and amounted to £69,983 (2021: £64,794). Contributions totalling £nil (in relation to the March 2022 payroll deductions) were due to the fund as at 31 March 2022 (2021: £2,004).

Defined Benefit Scheme

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

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

The last completed triennial valuation of the scheme for funding purposes was carried out as at 30 September 2020. This valuation revealed a deficit of £1.560m. A recovery plan has been put in place with the aim of removing this deficit by 30 September 2028.

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

For financial years ending on or before 28 February 2019, it was not possible for the company to obtain sufficient information to enable it to account for this scheme as a Defined Benefit Scheme, therefore, it has accounted for the scheme as a Defined Contribution Scheme.

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

For accounting purposes, a valuation of the scheme is carried out with an effective date of 30 September each year. The liability figures from this valuation are rolled forward for accounting year-ends from the following 31 March to 28 February inclusive.

The latest accounting valuation was carried out with an effective date of 30 September 2021. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 March 2022 to 28 February 2023 inclusive.

The liabilities are compared, at the relevant accounting date, with the company’s fair share of the Scheme’s total assets to calculate the company’s net deficit or surplus.

Contingent Liability Disclosure

We have been notified by the Trustee of the Scheme that it has performed a review of the changes made to the Scheme’s benefits over the years, and the result is that there is uncertainty surrounding some of these changes. The Trustee has been advised to seek clarification from the Court on these items. This process is ongoing, and the matter is unlikely to be resolved before the end of 2024 at the earliest. It is recognised that this could potentially impact the value of Scheme

Notes to the Financial Statements for the year ended 31 March 2022 (continued)

20 PENSION COMMITMENTS (continued)

liabilities, but until Court directions are received, it is not possible to calculate the impact of this issue, particularly on an individual employer basis, with any accuracy at this time. No adjustment has been made in these financial statements in respect of this potential issue.

Fair value of plan assets, present value of defined benefit obligation and defined benefit (liability)

	2022	2021
	£'000	£'000
Fair value of scheme assets	3,122	2,656
Present value of defined benefit obligation	3,475	3,586
Deficit in scheme	(353)	(930)

Reconciliation of opening and closing balances of the defined benefit obligation

Defined benefit obligation	2022	2021
	£'000	£'000
At start of year	3,586	2,703
Current service cost	-	-
Expenses	5	6
Interest expense	79	63
Member contributions	-	-
Actuarial losses (gains) due to scheme experience	234	16
Actuarial losses (gains) due to changes in demographic assumptions	(50)	12
Actuarial losses (gains) due to changes in financial assumptions	(348)	818
Benefits paid and expenses	(31)	(32)
Defined benefit obligation at end of year	3,475	3,586

Reconciliation of opening and closing balances of the fair value of scheme assets

Scheme assets	2022	2021
	£'000	£'000
At start of year	2,656	2,299
Interest income	59	54
Experience on plan assets (excluding amounts included in interest income – gain (loss))	363	255
Employer contributions	75	80
Member contributions	-	-
Benefits paid and expenses	(31)	(31)
Fair value of plan assets at end of year	3,122	2,656

Defined benefit costs recognised in Statement of Financial Activities

	2022	2021
	£'000	£'000
Expenses	5	6
Net interest expense	20	9
Defined benefit costs recognised in SOFA	25	15

Notes to the Financial Statements for the year ended 31 March 2022 (continued)

20 PENSION COMMITMENTS (continued)

Defined benefit costs recognised in Other Recognised Gains & Losses

	2022	2021
	£'000	£'000
Experience on plan assets (excluding amounts included in net interest cost) – gain (loss)	363	260
Experience gains and losses arising on plan liabilities – gain (loss)	(234)	(16)
Effect of changes in demographic assumptions underlying the present value of the defined benefit obligation – gain (loss)	50	(12)
Effect of changes in financial assumptions underlying the present value of the defined benefit obligation – gain (loss)	348	(818)
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable)-gain (loss)	527	(586)
Effect of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost)	-	-
Total amount recognised in Other Recognised Gains & Losses	527	(586)

Assets

	31 March 2022 £'000	31 March 2021 £'000
Global Equity	599	423
Absolute Return	125	147
Distressed Opportunities	112	77
Credit Relative Value	104	84
Alternative Risk Premia	103	100
Fund of Hedge Funds	-	-
Emerging Markets Debt	91	107
Risk Sharing	103	97
Insurance-Linked Securities	73	64
Property	84	55
Infrastructure	222	177
Private Debt	80	63
Opportunistic Illiquid Credit	105	67
High Yield	27	80
Opportunistic Credit	11	73
Cash	11	-
Corporate Bond Fund	208	157
Liquid Credit	-	32
Long Lease Property	80	52
Secured Income	116	110
Liability Driven Investment	871	675
Currency hedging	(12)	-
Net Current Assets	9	16
Total Assets	3,122	2,656

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

Notes to the Financial Statements for the year ended 31 March 2022 (continued)

20 PENSION COMMITMENTS (continued)

Assumptions

	2022	2021
	% per annum	% per annum
Discount rate	2.77	2.22
Inflation (RPI)	3.42	3.20
Inflation (CPI)	3.12	2.87
Salary growth	4.12	3.87
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2022 imply the following life expectancies

	Life expectancy at age 65
	Years
Male retiring in 2022	21.1
Female retiring in 2022	23.7
Male retiring in 2042	22.4
Female retiring in 2042	25.2

21 UNRESTRICTED FUNDS

	2022	2021
	£	£
General Unrestricted Funds:		
Balance as at 1 April 2021	847,918	458,058
Other recognised gains / (losses)	6,649	(8,028)
Income	11,273	440,447
Expenditure	(40,497)	(42,559)
Transfers between funds	-	-
Balance as at 31 March 2022	825,343	847,918

Notes to the Financial Statements for the year ended 31 March 2022 (continued)

22 RESTRICTED FUNDS

Restricted Funds are those donated & restricted for use in a particular area or for specific purposes:

	As at 1 April 2021	Other recognised gains/(losses)	Income	Expenditure	Transfers between funds	As at 31 March 2022
	£	£	£	£	£	£
Programme Funds	32,329,249	519,851	3,732,638	(10,878,538)	(1,453,024)	24,250,176
Recycled Funds	1,484,140	-	-	-	1,453,024	2,937,164
	33,813,389	519,851	3,732,638	(10,878,538)	-	27,187,340

	As at 31 March 2020	Other recognised gains/(losses)	Income	Expenditure	Transfers between funds	As at 31 March 2021
	£	£	£	£	£	£
HI Fund	(280,030)	-	-	-	280,030	-
Programme Funds	35,699,859	(577,972)	7,404,501	(8,953,589)	(1,243,550)	32,329,249
Recycled Funds	520,620	-	-	-	963,520	1,484,140
	35,940,449	(577,972)	7,404,501	(8,953,589)	-	33,813,389

The Homeless International Fund was established in 2012 and the funds raised from the UK Housing Association movement were successfully used for a number of housing and poverty reduction programmes. In the previous financial year, we were grateful to receive the support of the Housing Association participants who agreed to cancel their loans.

The investment programme is funded by FCDO & Sida with some limited contributions from General Unrestricted reserves. Reall co-ordinates the investment programme at the global/central level and development partners co-ordinate investment programme at the local level in the countries detailed in note 7.

During the year we did receive investment programme loan repayments whilst we worked with partners to reschedule loans. Repayments are recycled back into achieving Reall's objectives and mission. These are presented separately in the table above under the heading recycled funds. This separation demonstrates the process by which donor funds previously disbursed as loans to projects are received back from partner organisations through loan repayments and which are then available for subsequent use by Reall. Whilst the recycled funds are to be used to deliver Reall's objectives and mission, we have presently identified these as restricted funds, although this may be revisited in future years.

Notes to the Financial Statements for the year ended 31 March 2022 (continued)

23 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Restricted Funds £	Unrestricted Funds £	Total Funds £
As at 31 March 2022:			
Intangible assets	-	76,105	76,105
Tangible assets	-	422,741	422,741
Investments	21,065,082	-	21,065,082
Investments in subsidiaries	178,830	-	178,830
Net Current Assets	6,424,516	347,365	6,771,881
Creditors: amounts falling due after more than one year	(148,956)	-	(148,956)
Net Defined Benefit Scheme obligation	(332,132)	(20,868)	(353,000)
Net assets at 31 March 2022	27,187,340	825,343	28,012,683
As at 31 March 2021:			
Intangible assets	-	68,163	68,163
Tangible assets	-	459,913	459,913
Programme related investments	29,178,203	-	29,178,203
Investments in Joint Ventures and Associates	1,244,242	-	1,244,242
Net Current Assets	4,406,561	347,349	4,753,910
Creditors: amounts falling due after more than one year	(113,629)	-	(113,629)
Net Defined Benefit Scheme obligation	(901,978)	(27,517)	(929,495)
Net assets at 31 March 2021	33,813,389	847,918	34,661,307

24 MEMBERS OF THE COMPANY

The company is limited by guarantee and thus does not have any issued share capital. Each member guarantees during their membership and for one year after membership ceases, the sum of £1 to the company in the event of a winding up order. Details of members as at 31 March 2022 are included within the Directors Report. Any surplus on winding up is to go to a charity whose objects are of a similar nature.

25 FINANCIAL COMMITMENTS

As at 31 March 2022, the company had commitments under non-cancellable operating leases as set out below:

	2022 £	2021 £
Payable:		
In less than one year	119,848	129,791
In two to five years	582,687	517,537
In more than 5 years	415,378	494,762
	1,117,913	1,142,090

Reall has entered into a lease for new premises which began on 14 February 2020 for a period of 10 years. The lease allows for a reduced rent period of 20 months, the benefit of which is being spread over the life of the lease. Moreover, Reall has entered into a lease for two printer / copiers, which began on 2 July 2020 for 60 months. The value of the lease payments is reflected above.

Notes to the Financial Statements for the year ended 31 March 2022 (continued)

26 RELATED PARTY TRANSACTIONS

The following transactions with joint ventures and associates as detailed in note 12 have taken place as set out below:

	Sheltersol Holdings	SEWA Nirman Private	Ansaar Management Company (Private)	Oakleaf Investment Holdings 149 Proprietary	Housing Development Uganda
2022					
Programme related Investments:					
Gross interest-free loans	1,544,529	-	501,692	-	-
Gross interest-bearing loans	3,832,879	-	6,831,867	-	-
Gross equity investments	-	5,028,745	-	-	-
Impairment provision	(4,037,378)	(3,481,246)	-	-	-
Net loans as at 31 March 2022	1,340,030	1,547,499	7,333,559	-	-
<i>Interest rate payable</i>	<i>0-5%</i>	<i>0%</i>	<i>0-6%</i>	<i>7%</i>	<i>5-6%</i>
Grants:					
Capacity loans converted to non-repayable grant	-	-	-	-	40,280
Non-repayable grants	-	-	-	34,897	-
Total grants year ended 31 March 2021	-	-	-	34,897	40,280
Invoiced to Reall for services	-	-	(6,872)	-	-
Profit on Sale of Oakleaf Assets that Reall has received	-	-	-	32,741	-
Sale of shares of Immersion Private (PVT) Limited to AMC	-	-	1,481,769	-	-

Notes to the Financial Statements for the year ended 31 March 2022 (continued)

27 FINANCIAL INSTRUMENTS

The carrying amount of the charity's financial instruments at 31 March was:

	2022	2021
	£	£
Financial assets:		
Cash	5,295,093	3,558,856
Loans measured at cost less impairment plus accrued interest	21,065,082	29,178,203
Total	26,360,175	32,737,059
Financial liabilities:		
Other measured at amortised cost	619,694	503,548
Total	619,694	503,548

REALL LIMITED

England & Wales - Charity number 1017255

Accounts

Reall Limited
a company limited by guarantee

Annual Report & Financial Statements
for the year ended 31 March 2021



Charity registered in England & Wales No. 1017255
Charity registered in Scotland No. SC041976
Company Registration No. 2713841

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Charity and Company Information

Name of Charity	Reall Limited
Charity Registration Number England & Wales Scotland	1017255 SC041976
Company Registration Number	2713841
Chief Executive	Ian Shapiro
Registered Office & Principal Address of the Charity	6th Floor, Friars House, Manor House Drive, Coventry, UK, CV1 2TE
Auditors	RSM UK Audit LLP, 2 nd Floor, St Philips Point, Temple Row, Birmingham, B2 5AF
Solicitors	<i>Weil, Gotshal & Manges</i> – 110 Fetter Ln, Holborn, London EC4A 1AY (pro bono) <i>Devonshires Solicitors</i> – 30 Finsbury Circus, Finsbury, London EC2M 7DT
Bankers	<i>The Royal Bank of Scotland plc</i> – 15 Little Park Street, Coventry, CV1 2RN

Chair's Report for the year ended 31 March 2021

Welcome to our Annual Report and Financial Statements.

Since the start of 2020, the world's attention has been focused on the Covid-19 pandemic. At this challenging time, we are reminded of the need and importance of international co-operation. Many of our global problems – including the housing crisis, climate fragility, poverty, unemployment, and gender inequality – can only be solved by acting together.

Reall's mandate has proven to be very relevant in a rapidly changing world. In these unprecedented times, we remain committed to providing flexible, innovative, and rapid solutions. The combination of financing, knowledge, experience, and global partnership makes Reall uniquely positioned to help rapidly urbanising emerging countries respond to the crisis, protect hard-earned development gains and plan for a green recovery.

With the unprecedented challenge of Covid, progress has been significant in 2020/21 building on recent organisational reforms aimed at maximizing Reall's contribution to ending poverty. Despite zero travel in 2020/21, we continued to work closely with our implementing partners and invested £10.3 million to build over 900 new affordable homes creating jobs and giving over 4,500 people access to energy, water, and sanitation. We also continued to strengthen our implementing partner portfolio by on-boarding climate-smart partners and moved beyond single project interventions to more holistic approaches that address systemic issues through launching Country Strategies in each of our five priority countries.

We thank the Swedish Government through Sida for the continued support in the second year of our contract and drew £6.1 million from them during the financial year. £3 million was also received from partners in loan repayments and cancelled projects.

A further £1.2 million was received from FCDO (Foreign, Commonwealth and Development Office) being the final amounts due under the contract. We are pleased to report that in May 2021 Project Completion Review 2014-2020 was approved by FCDO with a final rating of A for the period 2019/20.

In addition to our vital work with partners, organisational change has continued at pace, including the sale of our office in Harnall Row to Coventry University and a relocation to Friars House to provide a better working environment for our growing work force. Throughout 2020/21, initiatives were taken to support staff in developing the skills they need to adapt to the changing needs of the organisation. With the challenges of Covid-19 Reall has been careful to ensure the wellbeing and mental health of our staff has been supported through the support of a Chartered Occupational Psychologist to work across the organisation and carrying out a bespoke wellbeing pulse survey.

There has been much strengthening of our Board, with the formation of an Audit Committee led by its Chair and a new Board Member Sarah Smith (Chief Financial Officer Optivo Housing Association). The Committee also includes existing Board Members Steve Troop and Andrea Marmolejo and Independent member Ranil De Silva (Global Finance Director Save the Children International). We have also made one other addition to the Board Aqualine Suliali (Affordable and Social Housing Consultant - Africa).

On behalf of the Board, I would like to express our gratitude to our long-term supporters, both individuals and organisations. I would also like to thank the Board and the staff for their quality work over the year in driving forward our mission.



Christopher Loughlin
Chair

Date: 27th September 2021

Report of the trustees for the year ended 31 March 2021

The trustees are pleased to present their annual Trustees' Report, including their strategic review, together with the financial statements of the charity for the year ended 31 March 2021, which are also prepared to meet the requirements for a Directors' Report and Accounts for Companies Act purposes.

The Financial Statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum & Articles of Association and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

Our objectives, vision, and mission

Reall is a UK-based international development organisation that is building an affordable homes movement to improve the life chances of 100 million people in urban Africa and Asia by 2030. Since its formation in 1992, Reall has worked with partners, contractors, governments, and finance institutions to make the affordable housing market accessible to the poorest 40%. Affordable homes are a fundamental human right that unlock unimaginable human potential to shape a future of gender parity, climate resilience, clean air, renewable energy, and socio-economic justice, as well as being the doorway to realising 16 of the 17 Sustainable Development Goals (SDGs).

The escalating global housing crisis is one of humanity's greatest challenges. At least 1.2 billion people worldwide live in substandard housing, often lacking access to clean water or a decent toilet. Urban populations in Africa and Asia are increasing exponentially and that figure is set to reach three billion by 2030. While the challenge is vast, the potential for impact is enormous, and this demand represents an uncrowded US\$17 trillion market opportunity. New solutions are urgently needed.

Reall are innovators and investors in climate-smart affordable homes in urban Africa and Asia. Housing is a green infrastructure asset able to deliver for people for profit and for the planet. Green homes are a doorway to 16 of the 17 Sustainable Development Goals – transforming the lives of people on low incomes and responding to Covid19 by driving inclusive clean green growth, job creation, gender equality, urban resilience, climate mitigation and pathways to net-zero. Working with key players we blend proof of concept and evidence to overcome systemic barriers to transform markets at scale. We de-risk investments demonstrating the viability of innovative models, including the \$10K home and pioneering green solutions. We amplify impact through strategic policy change, disruptive financial innovation and sharing learning.

We develop, refine, and share innovative housing models that unlock the political will, capital investment and end-user financing needed to create opportunities for people to secure quality affordable homes in safe communities with adequate sanitation. We work to influence policy and secure government support, driving change in regulations and engaging the banking sector around end-user finance. Partnership is key to the way Reall works and alongside governments, research bodies, small and medium enterprises, private sector contractors, think tanks and multi-lateral organisations, we aim to develop housing markets at speed and scale. We work in open collaboration in order to achieve our mission.

We hugely value the continued support from our anchor investor the Swedish Government's International Development Agency (Sida) under our agreement until 31 March 2023.

Report of the trustees for the year ended 31 March 2021 (continued)

Strategic report

Throughout this last year, and despite the challenges of Covid-19, lock downs and working from home, Reall's organisational and operational capacity has continued to grow from strength to strength. Most notably was the completion of the Foreign Commonwealth and Development Office (FCDO) £28 million grant for the Community Led Infrastructure Finance Facility (CLIFF2B), we are pleased to report that in May 2021 Project Completion Review 2014-2020 was approved by FCDO with a final rating of an A for the period 2019/20.

This year also saw the introduction of an Audit Committee who report to the Board and meet quarterly to consider financial management, audit and assurance and risk management. We strengthened numerous policies including Fraud and Anti-Bribery, introduced a new Modern Slavery policy, developed in collaboration with Anti-Slavery International and a new Gender Equality Policy, with special thanks to the in-kind support from Sida through a Gender specialist consultancy. In the last year Reall has also invested in its staff with a Wellbeing survey and the subsequent establishment of a wellbeing group, and through the engagement of INSIGHTS to enhance our interactions and effectiveness as an organisation.

Challenged by the Black Lives Matters movement we engaged an expert to lead us in an Anti-Racism Training resulting in the establishment of an Equality and Diversity working group within Reall.

Reall continues to utilise an Annual Operating Plan (AOP) and for the period 2020/21 developed organisational objectives, team objectives and specific projects (designed to help reach those objectives) all within the framing of the new Corporate Strategy. In September 2020 the Board and the Executive team jointly held a strategy day to assess whether the strategy stood in light of Covid-19. The Board concluded that the Reall Corporate Strategy 2020 – 2025 stands and remains highly relevant to the reality of the poorest 40% across Africa and Asia. 2020/21 has been a very positive year for Reall. With a strong vision, direction and leadership, the organisation has further strengthened its impact through internal processes and policies as well as ways of working across its network.

There were no changes in operational responsibilities during the financial year, but from 1 April 2021, certain Director's responsibilities have been reallocated with new role titles.

- Lucy Livesley, previously Director of Market Transformation will be Policy & External Affairs Director
- Mark Atterton, previously Director of Corporate Strategy will be Commercial Director
- Patrick Domingos-Tembwa, previously Director of Investment and Operations will be Asia and Africa Partnership Director.

Finance & Corporate Services led by Noel Grace, Finance Director, remained the same.

Recruitment to strengthen the team and drive forward our strategy has increased staffing from 37 to 45.

We have partnered with two new Indian organisations this year, taking our total number of partners to 13. Both are strategically aligned to our mission and indicative of a growing investable pipeline. Alongside these new partners, we continue to work with existing partners to improve their operations and support programme delivery.

In the following section, we look at the key elements of the programme, Investment & Operations and Market Transformation to give a flavour of our work over the past year.

Report of the trustees for the year ended 31 March 2021 (continued)

Achievements and Performance in the year

Investment & Operations

In the financial year ended March 2021, we consolidated the year 2019/20 gains by expanding our *build* and *broker* initiatives in our priority markets in Africa (Kenya, Nigeria, Uganda) and Asia (India, Pakistan).

To drive our approach in these markets, we completed five country strategies with key performance indicators (KPIs) on *build* and *broker* targets that we aim to achieve by 2025 and by 2030.

Through our partner network and despite challenges created by Covid-19, we completed the construction of over 900 homes with associated energy, water, and sanitation systems. In line with our improved monitoring systems, we commissioned independent evaluation of completed homes to assess quality of these homes. Independent verification is now a key feature of the way we work with our in-country partners especially given the global travel restrictions.

Highlights of the year include Millard Fuller Foundation (MFF), our partner in Nigeria, which is delivering about 272 homes in phases. The first phase of 212 homes completed in 2020/21 contributed to the local economy through direct jobs of block moulders, carpenters, and plumbers. In addition, Enterprise Housing Development Uganda (EHDU), our partner in Uganda recently completed serviced plots and homes in Lira. The site was officially inaugurated in March 2021 by a Ugandan government minister, which indicates that affordable housing is becoming progressively important. We have increased further our footprint in our priority markets by onboarding partners such as BuildX (Kenya), Modulus Tech (Pakistan) and EPL (Pakistan). These new partners will enhance the ecosystem in these markets. For instance, BuildX has strong credentials in implementing climate smart solutions. In Pakistan, our new partner Modulus Tech is rolling out a construction technology that could support low-cost building at scale.

The Transition and Special Projects Unit has successfully completed the construction phase of the Ghana and Burkina Faso remedial projects. We are regularly reviewing our portfolio to find ways to maximise our impact in our countries of operation. As a result, we are exiting our partnerships with Development Workshop Angola (DWA), Angola and Kuyasa, South Africa. Over the years, these two organisations have delivered on their mission for the bottom 40% of the income pyramid. However, our assessment of the local context indicates limited opportunity for scaling. During the year, our broker activities focused on finance from the supply and demand side. On the *supply side*, we signed, in early 2021, a Memorandum of Understanding (MoU) with the Bank of Punjab in Pakistan to explore ways to facilitate access to local project financing for our partners in the country. We started market research activities in Pakistan to determine main market blockages and possible solutions. On the *demand side*, we are progressing our engagement with Financial Sector Deepening (FSD) Kenya on the best ways to implement credit assessment tools, such as Syntellect *RightProfile* for low-income people in the country. Once successful, this model could be expanded into other markets. Banks such as AG Mortgage Bank (Nigeria) and ABSA (Mozambique and pan Africa) have showed an increased interest in structuring end user mortgages for the bottom 40% of the income pyramid. All these initiatives will continue in the new financial year to strengthen the affordable housing ecosystem in countries where we operate.

Market Transformation

The Market Transformation department has made significant progress in 2020/21, with steps taken to deepen capacity for research and evidence dissemination, broker innovative new partnerships, and expand Reall's presence and influence within the affordable housing space. The Covid-19 crisis emphatically demonstrated the importance of affordable homes as a frontline defence against the health and economic impacts of pandemics, and the team has publicly positioned Reall's model as a recovery and future resilience solution by updating Reall's key messages, with increased focus on brokering, policy influencing and the climate agenda.

Report of the trustees for the year ended 31 March 2021 (continued)

Achievements and Performance in the year (continued)

2020/21 catalysed new focus and drive in addressing the climate crisis. A climate response-focused objective was enshrined as one of the seven organisational objectives for the year, and an action plan has been created that targets climate-related funding, develops a plan to reduce Reall's carbon footprint by at least 30% by 2022/23, and rolls out the International Finance Corporation's (IFC) EDGE (low carbon build accreditation) training for staff in Reall and partners. Reall has been working with leading international organisations on climate broker efforts, including the COP26 High-Level Climate Action Champions, the United Nations Environment Programme, the Global Innovation Lab for Climate Finance, and the Global Climate Partnership Fund.

Reall strengthened its partnership with the United Nations Human Settlements Programme (UN-Habitat), and is now a named implementing partner in a forthcoming European Union programme in Kenya, as part of an affordable housing pillar of activity led by UN-Habitat and the United Nations Office for Project Services (UNOPS). This programme will commence in 2022 and will play a key role in catalysing investment in global affordable housing as a post-Covid recovery and resilience driver. There have also been ongoing conversations with the Commonwealth built environment network, to engage and influence Commonwealth governments around strong, future-proof urban planning.

Fundraising has remained the primary focus for Market Transformation with important strides made in targeting a host of government entities. 2020/21 saw the conclusion of the Sida and FCDO funded CLIFF2B programme. To move forward with CLIFF 3, Reall has drawn up strategies to engage with Foundations, sources of climate funding and bilateral EU funders, targeting a mixture of financing packages. In December 2020, Reall launched the Sustainable Housing Futures (SHF) programme in partnership with Connected Places Catapult (CPC), a United Kingdom (UK) government funded organisation focused on growing UK innovation in the Built Environment. Through engagement with UK and international stakeholders, SHF is positioned as a pioneering force for good in scaling up climate smart infrastructure assets for people on low incomes in Kenya, Nigeria, Pakistan, and India. A financial model is now at an advanced level of development that will allow Reall to leverage scaled investment from impact investors. Through this vehicle Reall aims to provide loans to selected build partners in selected priority countries.

With participation, and key speaking slots across a wide number of virtually hosted events, the team has transformed Reall's profile to be an outward looking thought leader in the affordable housing space securing international media coverage, large panel presence, huge uplift in our digital impact and authoring many knowledge products. Of particular note, in August 2020 Reall hosted a webinar at Stockholm International Water Institute's (SIWI) World Water Week at Home, in collaboration with Sida and The World Bank, to discuss urban housing, water and resilience. Throughout the year data, learnings and analyses have been published in a wide range of formats, including articles, self-published reports, policy papers, blogs, newsletters, and platforms.

These publications have been accompanied with wide-ranging digital communications and dissemination activities to heighten impact and attract target audiences. A prize-winning research article, on financial innovation in urban Africa and Asia, was published in the respected journal *Housing Finance International* and presented at a World Bank webinar in October 2020.

2020/21 saw the development of a newly structured Global Policy & Influence team, within Market Transformation, which will play a fundamental role in driving non-build initiatives and monitoring Reall's impact.

Report of the trustees for the year ended 31 March 2021 (continued)

Achievements and Performance in the year (continued)

To deepen Reall's evidence base, a set of 13 literature reviews were produced, which synthesise the published scholarship and evidence base for the impact of housing in urban Africa and Asia. Externally, Reall has advanced its data agenda in Africa and Asia, with a phased roll-out of market shaping indicators (MSIs) that will allow for the tracking of changes and trends across affordable housing markets. March 2020 saw the launch of Reall's open source Data Dashboard which documents all past projects. In 2020/21 this was expanded to include the MSI work, transforming the Dashboard into a holistic data portal for the affordable housing sector.

Finally, significant progress has been made in disseminating knowledge and learnings. The Impact Study work, which assessed the impact of Reall's previous affordable housing projects in India, Pakistan, Nepal, and Kenya was finalised and subsequent knowledge products shared throughout Reall's network. Through 1,259 homeowner surveys, focus groups, interviews and site visits, this project has gathered a vast amount of quantitative and qualitative data for the transformative impact of moving into new Reall housing on low-income homeowners. Moving forward, Reall is now rolling out a new baseline survey tool to partners, that will collect client data at point of occupancy on areas including employment, household demographics, previous housing conditions and wellbeing. This new baseline survey is currently being piloted in Nigeria and Kenya.

Financial review

The Statement of Financial Activities on page 22 sets out Reall's income and expenditure for the year ended 31 March 2021.

The financial position at the end of the year is strong with a significant cash balance carried forward of £3.6 million. We have continued to support our partners with technical assistance and additional capacity funding to enable them to continue to operate. The year saw significant investment with partners and contractors of £10.3 million and the completion of over 900 homes. Accordingly reserves reduced by £1.7 million (2020: increase £2.9 million) with total reserves at the end of the year £34.7 million (2020: £36.4 million). Of the Investments made, £6.4 million were in loans, £1.4 million in grants and £2.5 million with contractors in Burkina Faso and Ghana.

Sida have continued their support in the second completed year of our four - year contract and made disbursements of £6.1 million to us. We also drew our final funding from FCDO of £1.3 million. Additionally, we received just over £3 million in repayments from partners.

Reall advances loans to partners in local currency, which means that our loan portfolio is always subject to exchange rates fluctuations. We made an exchange rate loss of £2.3m this year (2020: £0.6m loss).

The trustees recognise that Reall operates in high-risk areas where the certainty of achieving the outcomes expected when loans are advanced is far lower than if we were operating in more developed countries. This means that there is also a greater need to recognise significant levels of loan impairment which could be released when outcomes are achieved. The catalytic nature of Reall's work means that a very low level of impairment would probably indicate an insufficient level of innovation and risk in our operations.

Whilst maintaining innovation we also recognise the importance of balancing that with a commercial approach. Our intention continues to carefully exit from legacy projects after having achieved successful outcomes on the ground. This strategy is having an impact of reducing the level of impairment. Despite the challenges from the impact of Covid, the overall impairment provision now stands at £15.2 million being 36% of the portfolio (2020: £20.7 million and 44%).

Report of the trustees for the year ended 31 March 2021 (continued)

Financial Review (continued)

Last year we included an additional Covid-related provision of £2.7 million, recognising the impact on the timing and cost of projects, and whilst Covid remains a major problem, this year we have built the impact of Covid into the specific project and partner provisions.

In preparation for our next phase of growth, to support our drive to attract new funding and manage our careful exit from legacy projects we have invested further in our operational capacity. Overall support costs were £3 million (2020: £2.4 million) and average staff numbers 40 (2020:32).

We have by the date of this report successfully completed projects in Burkina Faso and Ghana where the original construction projects had stalled and are now the entering the next phase of the project to achieve the successful sale of the houses. As previously reported the building costs are shown on our balance sheet as being under construction. There was never expectation of full cost recovery, and this is reflected in the impairment provision shown in note 15 to the accounts.

In August 2020 we completed the sale of our old office premises at Harnall Row, Coventry, and discharged our mortgage liability with RBS, and also re-located to our new office premises at Friar's House, Coventry.

We would like to thank our Housing Association partners who have supported us over many years with the Homeless International Fund. The Fund has been used successfully on a number of housing projects and poverty alleviation. During the financial year, the Fund was closed after agreement of the Housing Association partners to cancel their loan agreements and waive their right to future repayments. This removes a liability from Reall and increases our capacity for our future work.

Reserves and Liquidity Policies

The level of reserves and available liquidity is monitored through Reall's planning, budgeting, and forecasting processes including through the approval of the annual budget before the beginning of the new financial year and monthly financial performance monitoring.

All commitments under legally binding programme expenditure will only be entered into after confirmation that funds to meet that obligation are secured and available.

The policy statement and the calculation of reserves balances is disclosed in the statutory accounts and will be subject to audit.

The trustees formally review the reserve levels of the charity annually. The review encompasses the nature of the income and expenditure streams, the need to match income with commitments and the nature of the reserves. In the opinion of the trustees, the key reserves of the charity are the unrestricted reserves together with the restricted reserves.

Reserves are held to cover delays in the renewal of key funding streams as well as to provide a cushion for any unexpected emergencies in their operations.

To strengthen financial management, we have introduced a liquidity measurement where we will hold at all times a cash balance equivalent to six months of overheads and employment costs. All budgets and cash flow forecasts must show that being achieved for at least 12 months from the date of the forecast.

This supports the reserves policy to carry forward, from one year to the next, a sufficient amount in reserves that will cover the costs of continuing to operate for a period of 12 months, in the event of a material decrease or shortfall in Reall's income arising from an end to agreed funding streams for the programme.

Report of the trustees for the year ended 31 March 2021 (continued)

Financial Review (continued)

On this basis, available reserves therefore amount to the following as at 31 March:

	2021
	£million
Total unrestricted reserves	0.9
Total restricted reserves	33.8
Total reserves	34.7
Total loan book	(27.7)
Available reserves	7.0

The budget for 2021/22 shows the following:

Financial Commitments - Contracted	£million
Operational and Programme Costs	3.2
Partner Investment	3.6
Total Contracted	6.8
Not contracted	
Operational and Programme Costs	2.1
Partner Investment	1.0
Total Not contracted	3.1

We comply with the policy and note these amounts are before consideration of amounts receivable from Sida under our contract through to March 2023 of £5.8 million per year and loan repayments budgeted at £4.9 million.

Donations and Fundraising

Reall is not dependent upon general fundraising and donations to enable it to carry out its core work. As such, it does not campaign for funds either directly or indirectly or use professional fundraisers, and therefore there is no non-conformity with any standards, nor activity to monitor. Based on there being no fundraising activities, Reall is satisfied that the public are not impacted by any fundraising approaches or pressures and has had no complaints. Reall still continues to receive nominal amounts of unsolicited donations raised by other organisations, who have chosen Reall as a beneficiary of their own charitable activities. These funds are treated as General Unrestricted funds within the Statement of Financial Activities.

Grants and Investment policy

Reall provides loans and grants to its international partner organisations for work that supports the objectives, vision, and mission of the charity. The investment policy provides a framework for grant giving and investment as well as informing our research, consultancy, and advocacy work. In particular, Reall will:

- Provide loans and grants to partners for initiatives that have the potential to scale up, attract other funding and influence policy and practice.
- Make loans available for partners' initiatives only where other sources of finance are not available or appropriate.
- Loans are converted to grants where there is no possibility of recovery of outstanding loan amounts but where there are completed projects of at least equivalent value to the original loan granted. These conversions are approved by Reall's Board and reported to funders.
- Make grants and loans to partners for initiatives within the context of a broader strategic partnership between Reall and the partner.

Report of the trustees for the year ended 31 March 2021 (continued)

Financial Review (continued)

- Provide grants where a partner is affected by a disaster or emergency which affects the ongoing work of the partner.

Future Plans

The Board in March 2021 approved a full year budget for the year ending 31 March 2022 and cash flow projections through to 31 March 2023.

A prudent budget has been set with Sida contributing £5.8m in the third year of our four-year agreement, other income from partner loan repayments and remedial projects of £4.9 million, with programme investment at £4.7 million. Although the central focus of Reall is to raise new funding and we have a number of initiatives in progress, we have not assumed any significant new funding up to 31 March 2022 in our budget and therefore limited projected investments to our contractual commitments. Our cash flow position beyond this to 31 March 2023 gets stronger with recoveries from an improved loan book and achievement of new funding sources. Again, we have limited expenditure to contractual commitments but will expand that investment as new funds are secured.

In 2020 we launched our 5-year corporate strategy for 2020–2025 and this sets out Reall's goal to build an affordable homes movement that improves the life chances of 100 million people in urban Africa and Asia, by 2030. This ambitious target represents a small proportion of the need with urbanisation increasing across Africa and Asia.

We have also set out our Operating Plan for the year ending 31 March 2022 and this has the following key objectives and projects:

- Reall to be a £20m business in FY21/22 with funding agreements in place to be a £30m business in FY22/23.
- Country strategies deliver at least 1,000 new homes completed for the bottom 40% with a pipeline to be able to scale up to 1,500 homes if funding is secured by the end of the first quarter; climate conscious pipeline to realise 2025 target; brokering initiated in all priority countries.
- Global brokering strategy supports the ambition of sustainable and commercially viable affordable homes
- Embedding psychological safety and learning behaviours to strengthen collaboration, prioritisation, creativity, innovation, inclusion and high-performance professionalism.

Pensions

The charity participates in three schemes under the Social Housing Pension Scheme ("SHPS") that are managed by The Pensions Trust. The SHPS is a multi-employer scheme which provides benefits to some 500 non-associated employers. Two schemes are Defined Contribution Schemes; Reall's designated Auto-Enrolment Scheme and Reall's Higher Rate Defined Contribution Scheme and the other scheme is a closed Defined Benefit Scheme.

The charity was advised on 18 June 2018 that, following the annual financial risk assessment of members of the SHPS Defined Benefit ("DB") Scheme, Reall had been classed as a "Higher Risk" employer. This means that Reall was required to cease DB accrual and transfer all members of the DB scheme to an alternative Defined Contribution ("DC") scheme with effect from 1 October 2018. Reall already had a DC scheme within the SHPS arrangement, and the affected members transferred to a new section of that scheme maintaining the same contribution as the DB scheme. The Reall DB scheme was therefore closed as at 30 September 2018.

Report of the trustees for the year ended 31 March 2021 (continued)

Financial Review (continued)

The charity continues to be responsible for the deficit within the DB scheme in relation to the 7 affected current employees and the 39 deferred members and pensioners. This means that deficit contributions will continue to be paid for as long as they remain due.

For financial years ending on or after 31 March 2019, it is now possible to obtain sufficient information to enable the charity to separately identify the liabilities of the defined benefit scheme. An actuarial valuation of the scheme was carried out as at 30 September 2020 to inform the liabilities for accounting year ends from 31 March 2021 to 28 February 2022 inclusive.

The deficit in the scheme has increased to £929,000 (2020: £404,000). The increase this year is a reversal of the reduction in 2020 resulting from the Covid Pandemic, where inflation assumptions were low and discount rates used to calculate liabilities were higher. This position is reversed at 31 March 2021 where assumptions are based on economic recovery post Covid.

Further details of the change are set out within Accounting Policies on page 30 and note 20 to these accounts.

Principal Risks and Uncertainty

Reall has continued to improve its risk management policies and practices to ensure that we continue to successfully manage the challenging political and economic environments in the regions in which we operate.

The Corporate Risk Register is the key risk management tool used by Reall for risk management. The Reall Executive Management team review the register monthly and the Audit Committee and Board review it at each of their meetings. We have updated the Corporate Risk Register to separate out partner and corporate risks to give more clarity on our risk profile and our mitigations against those risks. We have also updated our risk appetite assessment which has been integrated alongside our risk register, again to increase focus.

We also introduced a fraud risk register where we assessed potential fraud threats and our internal controls and systems for fraud prevention. Again, due to our overseas markets, we identified potential fraud threats at partner level, but mitigated by strong partner development processes, the assurance programme itself and the introduction of third-party construction surveys, all of which established that we have a range of measures to manage these risks. Partners and colleagues also attended a fraud prevention workshop led by KPMG.

The key risk for Reall is in respect of securing future funding

Reall now has one major donor being, the Swedish International Development Agency (Sida). Reall has a 4-year funding agreement from May 2019 with Sida amounting to £23 million. Reall recognises the risks of having a small number of donors and has strengthened the resources within the Fundraising team and also developed an investment proposal based on commercial principles with the objective of securing additional sources of long-term funding. A number of ongoing discussions and proposals for significant funding are underway.

The only other risk that lies outside our risk appetite is Environmental. We see the addressing of environmental concerns as a key element of our business strategy. We have invested resources and are making good progress on our environmental offer to potential funders. Although we are ambitious and categorising this risk as outside our appetite, it is a reflection of our ambition and prudence rather than any fundamental failing.

Report of the trustees for the year ended 31 March 2021 (continued)

Financial Review (continued)

Other key risks set out in the Corporate Risk Register are as follows:

Financial risk – Reall performs its work of building houses for the “bottom 40%” through a network of delivery partners in Africa and Asia. Reall provides loan funding to these organisations with an agreement that repayments to Reall will be made once the partners have built and sold the houses. Reall has an extensive due diligence and partner management framework including a dedicated Investment Committee to review all proposals before seeking Board approval. In addition, all partner investments are subject to legal agreements and regular credit control on loan repayments.

Foreign exchange risk – Our loan portfolio is denominated in a range of currencies across a wide range of countries throughout our operating areas. Reall bears the foreign exchange risk on most of these loans, where in many cases the exchange rates can be very volatile – this means that the impact can be either positive or negative. This is an area under constant review. Previously, hedging arrangements have proved cost-prohibitive. Our intention in FY22 is to revisit the hedging market and determine if there are any cost effective mitigations we could put in place.

Health and Safety risk – Due to our areas of operation, visits to international partner organisations and their sites present risks to Reall staff that are above regular business travel risk. Reall has a range of bespoke safety arrangements that are in place and all staff required to travel receive full guidance on their induction which is updated subsequently as required.

Reputational risk – Actions taken by Reall’s international partners have the potential to damage the reputation of Reall UK. In response Reall has developed and improved several key policies. These policies included risk management, safeguarding, modern slavery, fraud and whistleblowing and anti-terrorist funding, etc. Relevant training has also been provided to employees and partner organisations.

Assurance and Control systems

Reall has a dedicated internal assurance team that works closely alongside KPMG our co-assurance partner. The activities and controls of all our significant partners and our contractual works in Burkina Faso and Ghana were subject to assurance visits.

The results of the assurance reviews showed that some partners had weaknesses in internal control systems and required significant support from Reall, although all engaged well with the process and are keen to improve. These outcomes are not surprising, and as recognised through our internal evaluations a significant element of the partner network would not meet our current investment criteria. Our new operating approach and introduction of higher quality partners will take time to feed through into better results from assurance reviews.

On Internal controls, additionally, external assurance reviews by KPMG were carried out on cyber threats, procurement, and fraud prevention systems. We also introduced updated procurement, investment, and cyber policies alongside a review of financial regulations. We were also pleased to receive cyber essentials accreditation on our ICT systems.

Report of the trustees for the year ended 31 March 2021 (continued)

Structure, Governance, and Management

Governing Document

Reall was incorporated as a company limited by guarantee on 12 May 1992. It is governed by its Articles of Association, as amended by special resolutions, most recently on 5 December 2018.

The revision of the Articles of Association that was completed in December 2018 made a number of changes to the way trustees are appointed and can be removed, but the primary change was to close down our existing membership scheme as it no longer reflected the way in which Reall was operating. Those members (both corporate and individual) that wished to maintain links to Reall have become “Friends of Reall” and they continue to receive regular news updates about our work with our partners overseas, but this has no legal status. Our Trustees, who automatically become Members of Reall on appointment are now our only Members.

Appointment of Trustees

Reall is governed by a Board who are directors of the company for the purposes of the Companies Act and trustees in charity law (“the Board” or “trustees”). Under the revised Articles of Association, the Board is formed from the trustees, who are independently appointed and consists of no less than 3 members with but no maximum number. Trustees are each appointed for a maximum of 6 years in 3-year terms, with the exception of the Chair, who can serve a maximum of 7 years. They may not then return to the Board for a period of 3 years. The Board are empowered to co-opt further members taking account of the skills needed up to the maximum of 5 Board members. The Chair is then elected by the Board.

Board

The Board currently meets quarterly and also sets aside a day for strategic review. They also attend sub-groups and Committees as required. At Board meetings, the trustees receive reports on areas of operation, a report back from Audit Committee, agree the corporate strategy and business plans. The strategy review is carried out each autumn with the Board and the Executive. Outcomes from this exercise feed into business planning and staff development processes as well as the annual operating plan and budget, which is approved by the Board in March. The Board retain responsibility for the approval of the audited financial statements, the appointment of the Chief Executive, Equity Investments, the management of risk and the internal controls framework.

The Board carry out a self- assessment each year of how the Board has been operating and to identify any gaps in the governance framework.

The Chief Executive is appointed by the trustees to manage the day-to-day operations of Reall, subject to the direction of the Board and any restrictions set out within the Articles of Association. To facilitate effective operations, the Chief Executive has delegated authority, as set out in the Schedule of Delegated Authority, for all operational matters including finance, employment, and operations.

Audit Committee

In May 2020, the Board approved the formation of an Audit Committee consisting of non-executive members. The Audit Committee met twice in the year to 31 March 2021 and has enhanced the governance oversight of finance, assurance and risk management and reports the work of the Committee to the Board in accordance with the governance timetable of meetings.

Report of the trustees for the year ended 31 March 2021 (continued)

Directors' Report

Directors and Trustees since 1 April 2020:

Name	Specialism	
Chris Loughlin (Chair)	Organisational leadership, regulation and investor relations, government and policy	Chair from 1 November 2019
Steven Troop	Treasury management, investment and banking	
Kate Wareing	Organisational leadership, strategy development, housing and international development	
Diana Mitlin	Urban housing development and governance, academia, research, emerging markets	
Paul Hackett	Construction, organisational leadership and governance, investment and housing	
Andrea Marmolejo	Emerging and frontier financial markets Asia and Africa, impact investment	
Sarah Smith	Finance, Audit, Regulation, Governance and Business Planning in UK Social Housing	Appointed 20 September 2020
Aqualine Suliali	Construction, Investment and Project Management in Social Housing in emerging overseas markets	Appointed 20 September 2020

Trustee Induction and Training

All newly appointed trustees follow a standard induction process that includes an initial meeting with the Chief Executive as well as the completion of a skills analysis to establish the specialism that the new member brings to the Board. A formal induction pack provides information on Reall's background and aims, its legal and governance structure and staffing structure. Members receive briefings from staff on relevant changes to legislation and the impact that this has on the activities of the organisation or the way in which they carry out their role.

Board members play an active role in attending forums and events including with key donors and other stakeholders. Training is provided to Board members as required and the governance system Diligent has a reading room where articles and research material are stored for access by the Board.

Third Party Indemnity Provision for Directors

Qualifying third party indemnity provision is in place for the benefit of all trustees of Reall.

Remuneration

None of the trustees receives any remuneration or other benefit from their work with Reall. They are entitled to receive expenses to reimburse them for the costs of carrying out their role as trustees.

Report of the trustees for the year ended 31 March 2021 (continued)

Directors' Report (continued)

Pay Policy for Senior Staff

The directors consider that the Board, who are the trustees of Reall, and the senior management team (as set out in the table below) comprise the key management personnel in charge of directing and controlling, running, and operating Reall on a day-to-day basis.

The pay of the senior staff is reviewed regularly following a formal review carried out by external consultants, considering benchmarking against similar organisations and the salary market more generally. The remuneration of the senior management team is detailed in note 8 to these accounts.

Senior Management Team

Ian Shapiro	Chief Executive
Patrick Domingos-Tembwa	Asia & Africa Partnerships Director
Lucy Livesley	Policy & External Affairs Director
Mark Atterton	Commercial Director
Noel Grace	Finance Director

Relationships with Other Organisations

Although, as indicated above, Reall is committed to achieving its objectives through partnership with other organisations, other than through its investments in certain companies as set out in note 12, it is not directly connected with any other charities or similar organisations.

Donations in Kind

Reall is not dependent upon the services of unpaid volunteers. It has benefited from certain voluntary services, primarily uncharged professional advice, and assistance from supporting organisations and individuals. Such donations in kind are not included in the Statement of Financial Activities as they cannot be easily quantified and are not considered to be significant in the context of expenditure generally.

Trustees' Responsibilities in Relation to the Financial Statements

The trustees, who are also the directors of the company for the purposes of company law are responsible for preparing a Trustees' Annual Report including Directors' Report, Strategic Report, and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the company and of the incoming resources and application of resources, including income and expenditure, of the company for that period. In preparing the financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently.
- Observe the methods and principles of the Charities SORP.
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to assume that the charity will continue in business.

Report of the trustees for the year ended 31 March 2021 (continued)

Directors' Report (continued)

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

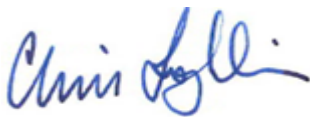
The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement as to Disclosure to our Auditors

In so far as the trustees are aware at the time of approving our Trustees' Annual Report:

- There is no relevant information, being information needed by the auditor in connection with preparing their report, of which the auditor is unaware, and
- The trustees, having made enquiries of fellow directors that they ought to have individually taken, have each taken all steps that he/she is obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of the information.

The Report of the Trustees prepared under the Charities Act 2011, which also contains all information required in a Directors' Report by the Companies Act 2006, and the incorporated Strategic Report prepared under the Companies Act 2006, were approved by the Board of Trustees on 7th September 2021 and signed on behalf of the Trustees by:



Christopher Loughlin
Chair

27th September 2021

Independent Auditor's Report to the Trustees and Members of Reall Limited

Opinion

We have audited the financial statements of Reall Limited (the 'charitable company') for the year ended 31 March 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows, and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2021 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

We have been appointed auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report to you in accordance with regulations made under those Acts.

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated.

Independent Auditor's Report to the Trustees and Members of Reall Limited (continued)

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report and the strategic report prepared for the purposes of company law and included within the trustees' annual report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report and the strategic report, included within the trustees' annual report, have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report or the strategic report, included within the trustees' annual report.

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the statement of trustees' responsibilities set out on page 17, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue 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.

Independent Auditor's Report to the Trustees and Members of Reall Limited (continued)

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

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory framework that the charitable company operates in and how the charitable company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures, we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Charities SORP (FRS 102), Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended) and the charitable company's governing document. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing the financial statements including the Trustees' Report, remaining alert to new or unusual transactions which may not be in accordance with the governing documents, inspecting correspondence with local tax authorities and evaluating advice received from internal/external advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to General Data Protection Regulation (GDPR) and Health and Safety. We performed audit procedures to inquire of management and those charged with governance whether the charity is in compliance with these law and regulations and read minutes of trustee meetings.

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates and evaluating the appropriateness of non-consolidation and the use of charitable funds.

Independent Auditor's Report to the Trustees and Members of Reall Limited (continued)

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made exclusively to the members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charity's trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the members and the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity, its members as a body, and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.



PAUL OXTOBY (Senior Statutory Auditor)

For and on behalf of RSM UK AUDIT LLP, Statutory Auditor

Chartered Accountants

St Philips Point,

Temple Row,

Birmingham,

B2 5AF

Date

RSM UK Audit LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

28th September 2021

Statement of Financial Activities (including Income and Expenditure Account)

For the year ended 31 March 2021

		Unrestricted Funds General	Restricted Funds	2021 Total	2020 Total
	Notes	£	£	£	£
INCOME FROM:					
Donations and legacies	1	14,395	-	14,395	84,101
Charitable activities	1	425,568	7,396,346	7,821,914	9,302,023
Investments	1	484	8,155	8,639	62,929
TOTAL INCOME		440,447	7,404,501	7,844,948	9,449,053
EXPENDITURE ON:					
Raising funds	5	8,576	-	8,576	6,472
Charitable activities	6	33,983	8,953,589	8,987,572	6,915,210
TOTAL EXPENDITURE		42,559	8,953,589	8,996,148	6,921,682
Net income/(expenditure) for the year		397,888	(1,549,088)	(1,151,200)	2,527,371
Transfers between funds	22	-	-	-	-
		397,888	(1,549,088)	(1,151,200)	2,527,371
Other recognised gains/(losses)					
Actuarial gains/(losses) in respect of pension scheme	20	(8,028)	(577,972)	(586,000)	360,000
NET MOVEMENT IN FUNDS		389,860	(2,127,060)	(1,737,200)	2,887,371
RECONCILIATION OF FUNDS:					
Balance brought forward at 1 April 2020		458,058	35,940,449	36,398,507	33,511,136
BALANCE CARRIED FORWARD AT 31 MARCH 2021	21/22	847,918	33,813,389	34,661,307	36,398,507

All income and expenditure are derived from continuing activities.

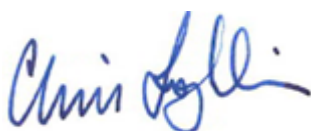
Balance Sheet as at 31 March 2021

Company registration Number: 2713841

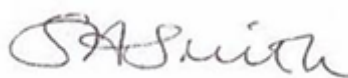
		2021		2020	
	Note	£	£	£	£
Fixed assets					
Intangible assets	10		68,163		-
Tangible assets	11		459,913		1,197,779
Investments:					
Joint ventures and associates	12		1,244,242		1,244,242
Programme Related Investments	13		29,178,203		28,573,947
Total fixed assets			30,950,521		31,015,968
Current Assets					
Debtors falling due within one year	14	147,689		82,907	
Remedial Projects	15	1,564,691		386,936	
Cash at bank and in hand	19	3,558,856		6,723,208	
Total Current Assets		5,271,236		7,193,051	
LIABILITIES					
Creditors falling due within one year	16	(517,326)		(902,275)	
Net current assets			4,753,910		6,290,776
Total assets less current liabilities			35,704,431		37,306,744
Creditors falling due after more than one year	17		(113,629)		(504,911)
Net Assets excluding pension liability			35,590,802		36,801,833
Net defined benefit pension scheme obligation	20		(929,495)		(403,326)
TOTAL NET ASSETS			34,661,307		36,398,507
FUNDS:					
Restricted funds	22		33,813,389		35,940,449
Unrestricted income funds	21		847,918		458,058
TOTAL CHARITY FUNDS			34,661,307		36,398,507

The notes and accounting policies on pages 25 to 56 form part of these accounts.

The financial statements were approved by the Board of Trustees and authorised for issue on 27th September 2021 and are signed on its behalf by:



Christopher Loughlin, Chair



Sarah Smith, Chair of Audit Committee

Statement of Cash Flows

For the year ended 31 March 2021

	Note	2021 £	2020 £
Cash flows from operating activities:			
Net cash generated by operating activities	18	2,620,663	5,306,726
Cash flow from Housing Investment:			
Loans to Partners		(6,378,902)	(1,603,886)
Direct construction of homes		(2,523,010)	(849,523)
Loans repaid by partners		3,064,358	-
		<u>(5,837,554)</u>	<u>(2,453,409)</u>
Cash flows from other investing activities:			
Bank interest received		8,639	65,028
Purchase of tangible fixed assets		(133,931)	(365,721)
Purchase of intangible assets		(74,441)	-
Sale of office premises		870,000	-
Sale of other assets		-	1,364
		<u>670,267</u>	<u>(299,329)</u>
Cash flows from financing activities:			
Mortgage repayments		(492,644)	(50,617)
Mortgage interest paid		(41,989)	(11,749)
Repayment of HI Fund loans		(36,025)	(40,000)
Payment of Reall Bond interest		-	(2,712)
		<u>(570,658)</u>	<u>(105,078)</u>
Change in cash and cash equivalents in the year		(3,117,282)	2,448,910
Cash and cash equivalents at the beginning of the year	19	6,723,208	4,272,918
Change in cash and cash equivalents due to exchange rate movements		<u>(47,070)</u>	<u>1,380</u>
Total cash and cash equivalents at the end of the year	19	<u>3,558,856</u>	<u>6,723,208</u>

Accounting Policies

The principal accounting policies adopted in the preparation of the financial statements are as follows:

General information

The charity is a company limited by guarantee and therefore has no share capital. It is a registered charity at the Charity Commission in England & Wales and the Scottish Charity Regulator (OSCR) in Scotland. The liability of each member in the event of a winding up is limited to £1. The address of the Charity's registered office and principal place of business is 6th Floor, Friars House, Manor House Drive, Coventry, UK, CV1 2TE.

Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) – Charities SORP (FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Consolidated accounts incorporating the results of the entities in which Reall has an equity stake have not been prepared for the reasons outlined in note 12. The accounts presented are therefore the accounts of Reall Limited as a separate entity.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

Reall meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

Going concern

Reall's business activities, its current financial position, and factors likely to affect its future development are set out within the Report of the Trustees. Reall has in place sufficient financial resources to finance committed investment programmes, alongside the day-to-day operations. Reall has also carried out stress tests of its current investment programme and has demonstrated that Reall is in a financially sound position and achieves the internal reserves policy requirements.

On this basis, the Board has a reasonable expectation that Reall has adequate resources to continue in operational existence for the foreseeable future, being a period of at least twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

Income

Income is recognised when the charity has entitlement to the funds, any conditions of receipt have been met, it is probable that the income will be received, and the amount can be measured reliably.

- Voluntary donations are accounted for in the period in which they are received, or when deemed receivable through prior knowledge.
- Legacies are accounted for as soon as entitlement, probability of receipt and the amount can be measured reliably.
- Investment income is recognised on a receivable basis.
- Grants are recognised when there is a formal agreement in place with the relevant funding organisations and the conditions of the grant have been complied with. Any unutilised grants are reflected in restricted funds carried forward.

Accounting Policies (continued)

Expenditure

Expenditure is recognised as soon as there is a legal or constructive obligation committing the charity to the expenditure. The charity is not registered for VAT and consequently all costs are inclusive of VAT where applicable. Expenditure is classified under the following activity headings:

- Raising funds – include specific campaign and event costs and promotional material.
- Charitable activities – include grants made to international partner organisations to carry out work in line with our objectives. Grants paid in respect of the programme relate to expenses paid on behalf of partner organisations in relation to stakeholder events, low-value capital projects (where the partner is not sufficiently developed to be able to make loan repayments) and capacity building and project support. All other funds advanced to partners under the programme are made in the form of loans, which are referred to as Programme Related Investments for the purposes of these accounts.
- Charitable activities also include the direct costs of the investment programme. These direct costs include, for example, monitoring and evaluation (including our internal assurance programme), travel, consultancy fees, documentation production and legal fees. Our disbursements of funds in the form of loans to international partner organisations, whilst being for charitable purposes, do not appear under Charitable Activities in the Statement of Financial Activities. These disbursements appear on our Balance Sheet as Programme Related Investments and are further broken down in note 13.
- Support costs include staff and general overhead costs as well as direct governance costs. They are apportioned across the various areas of activity both restricted and unrestricted in the following manner:
 - Salary and related costs (pension, national insurance, etc.) are allocated on a percentage basis according to the amount of time spent in each area.
 - General overhead costs are allocated according to the total proportion of staff time spent in that area.
 - Governance costs include the costs associated with meeting constitutional and statutory requirements. This includes the costs of the annual audit as well as Board meetings and other Trustees' expenses.

Fund accounting

General Unrestricted Funds are available for use at the Trustees' discretion in furtherance of the charity's objectives. Restricted Funds are those donated and restricted for use in a particular area or for specific purposes.

Operating leases

All leases are "operating leases" and the annual rentals are charged to the Statement of Financial Activities on a straight-line basis over the lease term.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense. The holiday pay year for the charity ends on 31 December each year and employees are entitled to carry forward up to 10 days of any unused entitlement at the end of the calendar year. The cost of any unused entitlement is recognised in the period when the employee's services are received.

Foreign currencies

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the Balance Sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the Statement of Financial Activities.

Accounting Policies (continued)

Taxation

Tax recovered from voluntary income received under gift aid is recognised when the related income is receivable and is allocated to the income category to which the income relates. Reall was temporarily VAT registered between 13th July and 8th August 2020 to facilitate the sale of our former office at Harnall Row, Coventry.

Tangible fixed assets

Tangible fixed assets are capitalised at cost and are depreciated over their useful economic lives as follows:

Land	Not depreciated
Buildings	- over 60 years (straight-line)
Computer equipment	- over 2 years (straight-line)
Furniture and fixtures	- 10% reducing balance

Intangible Assets

Intangible assets are capitalised at cost and depreciated over their useful economic lives of 3 years.

Joint ventures and associates

Joint ventures and associates comprise equity shareholdings in international partner organisations in furtherance of our aims. These shareholdings are generally made in sterling and disclosed at cost although the underlying shares are denominated in the relevant local currency.

Investments in these entities are reviewed on an annual basis to ensure that their carrying value reflects the underlying assets and liabilities of each entity. Provisions for impairment are made where necessary and are taken to the Statement of Financial Activities. It is the opinion of the trustees that cost less provision for impairment represents the best estimate of the carrying value of the investments as at the Balance Sheet date.

Remedial Projects

These represent the value of building projects under construction by third party contractors at the lower of cost or realisable value after consideration of any impairment on the value of the work in progress.

Programme Related Investments

Programme Related Investments comprise loans issued to, and equity stakes in, international partner organisations for projects in furtherance of our aims. The majority of these loans or equity stakes are disbursed in the usual functional currency for the relevant partner.

Payments of the principal and any repayments of either principal or interest are initially disclosed in the Balance Sheet at cost using the exchange rate ruling at the date of the transaction. Exchange rate differences arising at the time of any repayment are taken to Charitable Activities in the Statement of Financial Activities.

Outstanding balances at the year-end are re-translated at the prevailing exchange rate at the Balance Sheet date, with any further exchange rate gains or losses also taken to the Statement of Financial Activities.

Due to the breadth of our loan portfolio across numerous countries there is the potential for material exchange rate fluctuations which could impact the total valuation of Programme Related Investments both positively and negatively. We monitor this on a cyclical basis throughout the year.

Accounting Policies (continued)

Programme Related Investments (continued)

Each year, the Trustees consider the recoverable amount of each outstanding loan and make provisions for impairment based on a formal assessment carried out by management. Provisions for impairment are taken to the Statement of Financial Activities.

It is the opinion of the trustees that cost less provision for impairment represents the best estimate of the carrying value of the loans as at the Balance Sheet date.

Debtors

Other debtors and prepayments are recognised at the settlement amount.

Cash and cash equivalents

Cash and cash equivalents include cash and short-term liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Creditors and provisions

Creditors and provisions are recognised when the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount.

Financial instruments

The charity only has financial assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Pension costs

The charity participates in the Social Housing Pension Scheme (SHPS) which is a multi-employer scheme which provides benefits to some 500 non-associated employers in the UK. The charity participates in two separate active defined contribution schemes and one closed defined benefit scheme within SHPS as follows:

Defined Contribution Scheme

This scheme acts as the auto-enrolment scheme and all employees are automatically enrolled in the scheme when they join unless they opt to join the Higher Rate Defined Contribution Scheme. Contributions are charged to the Statement of Financial Activities in the year they are payable.

Higher Rate Defined Contribution Scheme

This scheme replaced the Defined Benefit Scheme that Reall had been a member of for many years and is open to any employees who wish to join it instead of the auto-enrolment scheme. Contributions are charged to the Statement of Financial Activities in the year they are payable.

Defined Benefit Scheme

This scheme was open to any employees who wished to join it until 1 October 2018 when the scheme was closed to new accrual. The closure took place following the outcomes from the autumn 2017 employer risk assessment, which indicated that Reall did not have a strong enough covenant to maintain an active Defined Benefit scheme under the scheme provider's rules.

Accounting Policies (continued)

Pension costs (continued)

For the first time in the year to 31 March 2019, it was possible to obtain sufficient information to enable the charity to account fully for the scheme as a defined benefit scheme. The deficit on the scheme is reported as a Defined Benefit Pension Scheme obligation on the Balance Sheet.

The net defined benefit asset/obligation represents the present value of the defined benefit obligation minus the fair value of scheme assets out of which obligations are to be settled.

The rate used to discount the benefit obligations to their present value is based on market yields for high quality corporate bonds with terms consistent with those of the benefit obligations. The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost. Net interest on the net defined benefit liability comprises the interest cost on the defined benefit obligations and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. These amounts are recognised within net income/expenses. Actuarial gains and losses and the difference between the interest income on scheme assets and the actual return on scheme assets are recognised in other recognised gains and losses.

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 Trustees have identified that the estimates and assumptions that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities within the next financial year are as follows:

- Programme Related Investments – provisions for impairment

Provisions for impairment as set out in note 13 are made based on a formal review carried out by management which focuses on a range of factors including compliance with loan repayment terms, delays in project implementation and the organisational and financial stability of the partner as well as external factors such as policy change or political interference. This is also informed by the assessment carried out by the internal assurance team, supported by KPMG, and regular reviews of the expected outcomes of the project against the initial business case. All our partners are relatively new organisations, and their operations are generally reliant on a small number of key individuals. In general, the Trustees consider that Programme Related Investments have limited realisable value if they are not repaid in accordance with the terms on which the investment was made.

- Equity stakes in partners – non-consolidation

The charity has several equity stakes in partners as set out in note 12 – Joint Ventures and Associates. The charity considers the substance of each of these investments where the shareholding would generally require that the results and net assets of the partners to be consolidated into the accounts of the UK charity. Note 12 sets out the rationale for the non-consolidation of each of the relevant partner entities, with the trustees regularly review to confirm the position, and, as a result, has not produced consolidated accounts.

- Equity stakes in partners – Nepal

The charity has taken equity stakes in its partner in Nepal because the legislation in that country does not allow the partner to receive loans from the charity. Loans advanced by Reall to this partner are therefore recognised as equity in the accounts of our Nepalese

Accounting Policies (continued)

Critical Accounting Estimates and Areas of Judgement (continued)

partner. The Trustees consider that the substance of these transactions remains that of a loan investment rather than an equity investment for the reasons disclosed in note 12. The equity stake has therefore been assessed and subjected to impairment using the same accounting policies as other Programme Related Investments.

- Equity stakes in partners and joint ventures and associates – provisions for impairment

Provisions for impairment as set out in note 12 are made based on a formal review carried out by management, which focuses on the net assets underlying the investment as well as the general financial stability of the partner. In general, the Trustees consider that these equity stakes have limited resale value on the open market if they do not continue to operate in accordance with the basis on which the investment was made.

- Defined Benefit Pension Scheme liabilities

The charity, in conjunction with the scheme actuary, assesses the assets and liabilities of the scheme, and hence the net liability at each year-end using a number of key assumptions including mortality rates, discount rates, inflation and salary growth in order to establish the fair value of the assets and liabilities at the Balance Sheet date. Further information in relation to the assumptions used to evaluate the deficit as of 31 March 2021 is set out in note 20 to these accounts.

Notes to the Financial Statements for the year ended 31 March 2021

1 INCOME

	Unrestricted Funds £	Restricted Funds £	2021 Total	2020 Total £
Income from donations and legacies				
Membership fees	6,776	-	6,776	4,176
General Donations	7,007	-	7,007	20,958
Legacies	612	-	612	58,967
	<u>14,395</u>	<u>-</u>	<u>14,395</u>	<u>84,101</u>
Investment income (note 4)				
Interest on deposit accounts	484	8,155	8,639	62,929
	<u>484</u>	<u>8,155</u>	<u>8,639</u>	<u>62,929</u>
Income from charitable activities				
Grants receivable				
Statutory sources (note 2)	-	7,424,807	7,424,807	8,902,576
Trusts and foundations (note 3)	-	-	-	3,500
Other Donors (note 3)	425,568	-	425,568	141,962
Interest on loans	-	(28,462)	(28,462)	253,985
	<u>425,568</u>	<u>7,396,345</u>	<u>7,821,913</u>	<u>9,302,023</u>
TOTAL INCOME	<u>440,447</u>	<u>7,404,501</u>	<u>7,844,948</u>	<u>9,449,053</u>

2 STATUTORY GRANTS RECEIVABLE

	2021 £	2020 £
Investment Fund:		
Foreign, Commonwealth and Development Office – Private Sector Department	1,291,595	3,516,680
Foreign, Commonwealth and Development Office - IMPACT	22,599	-
Swedish International Development Co-operative Agency	6,110,613	5,385,896
	<u>7,424,807</u>	<u>8,902,576</u>

3 TRUSTS, FOUNDATIONS AND OTHER GRANTS RECEIVABLE

	2021 £	2020 £
Other trusts and foundations	-	3,500
Contribution to office move	50,000	-
Other Programme Donations	-	141,962
Homeless International Grants	375,568	-
	<u>425,568</u>	<u>145,462</u>

Notes to the Financial Statements for the year ended 31 March 2021 (continued)

4 INVESTMENT INCOME

Investment income consists of interest received and accrued on deposits with UK banks

	Unrestricted Funds	Restricted Funds	2021 Total	2020 Total
	£	£	£	£
Interest on deposit accounts				
Investment Fund	-	8,155	8,155	61,149
HI Fund	418	-	418	1,212
Other	66	-	66	568
	<u>484</u>	<u>8,155</u>	<u>8,639</u>	<u>62,929</u>
Interest on partner loans				
CLIFF	-	(28,462)	(28,462)	253,985
	<u>-</u>	<u>(28,462)</u>	<u>(28,462)</u>	<u>253,985</u>

5 EXPENDITURE ON RAISING FUNDS

	Unrestricted Funds	Restricted Funds	2021 Total	2020 Total
	£	£	£	£
Other fundraising costs	-	-	-	370
Support costs (note 8)	8,576	-	8,576	6,102
Total cost of raising funds	<u>8,576</u>	<u>-</u>	<u>8,576</u>	<u>6,472</u>

Notes to the Financial Statements for the year ended 31 March 2021 (continued)

6 CHARITABLE EXPENDITURE

	Unrestricted Funds	Restricted Funds	2021 Total £	2020 Total £
	£	£	£	£
Investment Programme				
Capital and Capacity Grants (note 7)	-	1,386,951	1,386,951	886,393
	-	1,386,951	1,386,951	886,393
Loans and equity converted to grant (note 7)	-	4,262,713	4,262,713	-
Loans and equity written off	-	977,519	977,519	-
Provisions released on loan conversions and write-offs	-	(5,166,229)	(5,166,229)	-
Impairment provision movement on loans	-	83,852	83,852	1,707,239
Impairment provision movement on remedial projects	-	1,345,255	1,345,255	462,587
Exchange losses	-	2,263,782	2,263,782	579,101
	-	3,766,892	3,766,892	2,748,927
Support costs	-	2,924,588	2,924,588	2,365,810
Operational costs	-	875,158	875,158	888,176
	-	3,799,746	3,799,746	3,253,986
Other				
Interest payable on Reall Bond	1,482	-	1,482	1,054
Governance costs	463	-	463	67
Support costs (note 8)	32,038	-	32,038	24,783
	33,983	-	33,983	25,904
Total	33,983	8,953,589	8,987,572	6,915,120

Notes to the Financial Statements for the year ended 31 March 2021 (continued)

7 INVESTMENT PROGRAMME EXPENDITURE

	2021 £	2020 £
Investment Programme Grants:		
Ansaar Management Company (Pakistan)	574,974	51,617
Casa Real (Mozambique)	260,093	219,339
Modulus Tech (Private) Limited (Pakistan)	140,459	-
Smart Havens Africa Limited (Uganda)	130,084	-
National Association of Co-operative Housing Unions (Kenya)	99,995	9,578
Kwangu Kwako Limited (Kenya)	60,171	-
Millard Fuller Foundation (Nigeria)	53,375	3,713
BXS Group Limited (Kenya)	50,497	-
Enterprise for Housing Development/Uganda Co-operative Alliance (Uganda)	11,451	22,233
Affordable Housing Solutions (Tanzania)	5,000	-
Oakleaf/Kuyasa Fund (South Africa)	257	355,454
Janaadhar (India)	224	1,331
Centrum Real Estate Limited (Kenya)	150	-
Entertainment Pakistan Limited (Pakistan)	150	-
Linkbuild/Philippine Action for Community-Led Shelter Initiatives, Inc. (Philippines)	150	79,879
Sheltersol (Zimbabwe)	(79)	3,157
Afreh Group Limited	-	1,368
C.A.S.T.O.R Ingenierie Expertise (Burkina Faso)	-	2,194
Development Workshop Angola/Habiteria (Angola)	-	4,704
Enterprise Development Holdings (Malawi)	-	3,597
Lumanti (Nepal)	-	4,709
SEWA Nirman Private Limited (Nepal)	-	2,970
SPARC Samudaya Nirman Sahayak, Mumbai (India)	-	3,392
Syntellect (India)	-	2,203
Women Advancement Trust (Tanzania)	-	37,018
Total grants paid in year	1,386,951	808,456

Capital funds are generally given to partners as loans rather than grants and these amounts appear as Programme Related Investments on the balance sheet (note 13). Grants therefore relate principally to capacity building grants totalling £1,004,250 (to 6 partners) and project grants for new partners and new initiatives totalling £380,613 (to 4 partners), as well as expenses paid on behalf of partner organisations in relation to EDGE (Excellence in Design for Greater Efficiencies) exams totalling £2,088 (13 partners).

Notes to the Financial Statements for the year ended 31 March 2021 (continued)

7. INVESTMENT PROGRAMME EXPENDITURE (continued)

	2021 £	2020 £
Loans and equity converted to grants:		
Affordable Housing Solutions (Tanzania)	140,921	-
Development Workshop Angola/Habiteria (Angola)	1,601,110	-
Linkbuild/Philippine Action for Community-Led Shelter Initiatives Inc. (Philippines)	78,757	-
Millard Fuller Foundation (Nigeria)	-	77,937
Water Sanitation for Africa (Burkina Faso and Ghana)	494,439	-
Oakleaf/Kuyasa Fund (South Africa)	1,947,486	-
Total capacity loans converted to grants in year	4,262,713	77,937
	2021 £	2020 £
Loans written off		
Water Sanitation for Africa (Burkina Faso and Ghana)	977,519	-
Total loans written off	977,519	-

8 SUPPORT COSTS

The total support costs incurred during the year may be analysed as follows:

	Personnel Costs £	Office Costs & Depreciation £	2021 Total £	2020 Total
Charitable expenditure (note 6)				
Programme support costs	2,244,289	680,299	2,924,588	2,365,810
Other unrestricted	24,577	7,461	32,038	24,783
	<u>2,268,866</u>	<u>687,760</u>	<u>2,956,626</u>	<u>2,390,593</u>
Raising funds (note 5)				
Support costs	6,579	1,997	8,576	6,102
Total support costs	2,275,446	689,757	2,965,202	2,396,695

Notes to the Financial Statements for the year ended 31 March 2021 (continued)

8. SUPPORT COSTS (continued)

Personnel costs include the following:

	2021	2020
	£	£
Salaries and wages	1,930,276	1,593,952
Employer's social security	210,170	169,929
Pension costs (note 20)	85,426	72,710
Life assurance premium	5,474	3,225
	<u>2,231,346</u>	<u>1,839,817</u>
Consultants and short-term personnel	44,100	78,430
	<u>2,275,446</u>	<u>1,918,247</u>

Key Management Personnel are those having authority and responsibility, delegated to them by the trustees, for planning, directing, and controlling the activities of the charity. Remuneration for key management personnel, including employers' national insurance contributions and contributions to the pension scheme, amounted to £572,101 (2020: £605,103). During the year, termination payments amounting to £17,500 (2020: £39,700) were paid.

8 SUPPORT COSTS (continued)

The highest paid employees are as follows:

Band (excluding pension contributions)	Number 2021	Number 2020	Pension contributions 2021	Pension contributions 2020
			£	£
£150,000-£159,999	1	-	11,090	-
£140,000-£149,999	-	1	-	9,940
£90,000-£99,999	1	-	6,645	-
£80,000-£89,999	2	2	8,322	8,080
£60,000-£69,999	3	2	9,092	7,644
			<u>35,149</u>	<u>25,664</u>

The average number of employees during the year was 40 (2020: 32).

All directors give of their time freely and no director (or person connected to any trustee) received remuneration in the year. Expenses have been paid to two (2020: eight) directors totalling £263 (2020: £1,802) during the year. This was to cover their travelling expenses incurred in attending meetings of the charity. Directors' Liability Insurance has been paid on behalf of the directors amounting to £838 (2019: £779).

9 TOTAL EXPENDITURE

	2021	2020
	£	£
Includes charges/(credits) for:		
Interest payable on Reall bond	1,482	1,054
Interest payable on mortgage	41,989	11,749
Interest expense – Defined Benefit Pension liability	9,000	19,000
Auditor's remuneration – audit services	24,000	21,300
Auditor's remuneration – other services	-	4,500
Depreciation	61,666	39,568
(Profit)/loss on disposal of tangible fixed assets	(54,532)	(1,185)
Rent on office accommodation	127,624	-
Operating leases – Equipment	2,923	15,734

Notes to the Financial Statements for the year ended 31 March 2021 (continued)

10 INTANGIBLE ASSETS

	Software £	Total £
Cost		
As at 1 April 2020	-	-
Additions	74,441	74,441
Disposals	-	-
Reclassification	-	-
As at 31 March 2021	<u>74,441</u>	<u>74,441</u>
Depreciation		
As at 1 April 2020	-	-
Charge for the year	6,278	6,278
Disposals	-	-
Reclassification	-	-
As at 31 March 2021	<u>68,163</u>	<u>68,163</u>
Net Book Value		
As at 31 March 2021	<u>68,163</u>	<u>68,163</u>
As at 31 March 2020	<u>-</u>	<u>-</u>

Notes to the Financial Statements for the year ended 31 March 2021 (continued)

11 TANGIBLE FIXED ASSETS

	Land	Buildings	Computer Equipment	Furniture & Fixtures	Total
	£	£	£	£	£
Cost					
As at 1 April 2020	240,000	490,000	78,208	562,444	1,370,652
Additions	-	-	15,185	118,746	133,931
Disposals	(240,000)	(490,000)	(14,493)	(179,947)	(924,440)
Reclassification	-	-	(442)	442	-
As at 31 March 2021	-	-	78,458	501,685	580,143
Depreciation					
As at 1 April 2020	-	32,667	57,478	82,728	172,873
Charge for the year	-	(0)	18,127	37,262	55,389
Disposals	-	(32,667)	(13,653)	(61,712)	(108,031)
Reclassification	-	-	(391)	391	-
As at 31 March 2021	-	0	61,561	58,669	120,230
Net Book Value					
As at 31 March 2021	-	0	16,897	443,016	459,913
As at 31 March 2020	240,000	457,333	20,730	479,716	1,197,779

These assets are used for administration and for the direct charitable purposes of the charity. Individual assets are not allocated to specific purposes. The land and buildings relate to our office premises, which were sold in August 2020. No depreciation was charged on the value allocated to land.

Notes to the Financial Statements for the year ended 31 March 2021 (continued)

12 JOINT VENTURES AND ASSOCIATES

	Class of holding	Cost of investment £	Proportion held	Aggregate capital and reserves £	Results for the period £	Nature of business
Sewa Nirman Private (incorporated in Nepal)	Limited	-	95%	3,468,955	(42,691)	Investment
Sheltersol Holdings (incorporated in Zimbabwe)	Limited	-	49%	(3,716,877)	491,055	Investment
Ansaar Management Company (Private) Limited (incorporated in Pakistan)	Limited	178,830	25%	1,826,595	(295,318)	Investment
Oakleaf	Limited	1,403,893	100%	71	(54)	Investment
Immersion Private (PVT) Limited	Limited	1,065,412	68%	1,914,147	1,406,919	Special purpose development
Enterprise for Housing Development Uganda Limited (incorporated in Uganda)	Limited	-	49%	(5,948)	(952)	Investment
				<u>2,648,135</u>		

Reall has made loans or grants to these companies, and these are recorded in Charitable Expenditure within the Statement of Financial Activities (grants) or in Programme Related Investments (note 13) (loans). We also hold shares in Lendco and AHS at nil value.

The figures for aggregate capital and reserves and results for the period set out in the table in this note have been extracted from the most recent unaudited management information available at the date of signing these financial statements – this is as at 31 March 2021 except for Oakleaf Investment Holdings (February 2020) Enterprise for Housing Development Uganda Limited (December 2019) and Immersion Private (PVT) Limited (June 2020).

On 5 February 2021 the Reall Board approved a resolution confirming the sale of all the shares held by Reall in Immersion Private (PVT) Limited (IPL). At the same time, the land held by IPL, its only asset, is being sold. As soon as the land sale is completed, Reall will be able to dispose of its equity holding.

In the case of Sewa, Nepalese law does not allow a Nepali entity to receive repayable loans (as is the usual practice for Reall) from a non-Nepali entity. In order to continue to invest in the Nepali partner, the funds advanced to Sewa have therefore been made in the form of part paid share capital and recorded as such in the books of Sewa. This means that Reall has a 95% equity stake in Sewa and as such it would be expected that the results of Sewa should be consolidated within the accounts of Reall. However, it is the opinion of the trustees, that there are substantial restrictions on our ability to do business in Nepal under our normal terms. It is their view that the substance of the relationship between Reall and Sewa is still one of loan provider/receiver and not one of parent and subsidiary.

Notes to the Financial Statements for the year ended 31 March 2021 (continued)

12 JOINT VENTURES AND ASSOCIATES (continued)

The basis for non-consolidation is that Reall doesn't have control over the entity. The results of Sewa have not therefore been consolidated into the accounts of Reall and the amounts advanced have been separately shown as equity investments within Programme Related Investments. No other cost has been attributed to Reall's holdings in Sewa.

Reall invested funds in Oakleaf following the administration of its previous South African partner, The Kuyasa Fund. Reall is concluding the sale of its 100% shareholding to a newly established non-profit entity in South Africa. As at 31 March 2021 this transaction has not been completed, though is expected to do so in financial year 2021/22 and Reall remains the sole shareholder. The total shareholding will be donated to the non-profit entity. The funds invested in Oakleaf were fully utilised for public benefit, with Kuyasa having issued 6,300 home improvement loans since 2014, which have improved the housing conditions for over 30,000 people. In spite of the impressive impact of Oakleaf and Kuyasa, there is no prospect of any financial recovery of the initial investment, and the equity holding was converted to grant in March 2021.

The movement in the carrying value of joint ventures and associates over the year is as follows:

	2021	2020
	£	£
Carrying value		
Gross investments:		
At 1 April	2,648,135	2,648,135
Conversions to grant	1,403,893	-
At 31 March	<u>1,244,242</u>	<u>2,648,135</u>
Impairment provisions:		
At 1 April	1,403,893	1,403,893
Conversions to grant	(1,403,893)	
At 31 March	<u>-</u>	<u>1,403,893</u>
Net book value as at 31 March	<u>1,244,242</u>	<u>1,244,242</u>

At the end of the financial year, we have carried out an impairment review in respect of the carrying value of these investments. The review did not indicate the need for an additional impairment provision in respect of other investments in joint ventures and associates, except for Sewa where an impairment provision amounting to £ 2,518,387 has been made within Programme Related Investments (note 13).

In accordance with the provisions of the Sida grant agreement, equity investments through the purchase of share capital in third party organisations is not permitted. There have been no equity investments using Sida funds since FY 2018. Reall are working on the exit from previous investments which have been financed through pooled donor funds. All proceeds from sales of equity investments that could be attributed to Sida funding will be accounted for through the provisions of the grant agreement, disclosed in the statutory accounts and subject to audit. There are no amounts to record in FY21.

Notes to the Financial Statements for the year ended 31 March 2021 (continued)
12 JOINT VENTURES AND ASSOCIATES (continued)

The registered addresses of these joint ventures and associates are as follows:

Sewa Nirman Private	Ward No 3, Lalitpur Sub-Metropolitan City of Lalitpur District, Nepal
Sheltersol Holdings	50 Bradfield Road, Hillside, Harare, Zimbabwe
Ansaar Management Company	31/10-A, Abu Bakr Block, New Garden Town, Lahore, Pakistan
Immersion Private (PVT) Limited	31/10-A, Abu Bakr Block, New Garden Town, Lahore, Pakistan
Oakleaf Investment Holdings	3 Wrensch Road, Observatory, Cape Town, Western Cape, 7925, South Africa
Enterprise for Housing Development	Uganda Co-operative Alliance Building, Plot 47/49 Nkrumah Road, Kampala, Uganda

13 PROGRAMME RELATED INVESTMENTS

	2021	2020
	£	£
Loans	27,749,536	26,810,013
Accrued interest on loans	<u>1,428,667</u>	<u>1,763,934</u>
	<u><u>29,178,203</u></u>	<u><u>28,573,947</u></u>

Notes to the Financial Statements for the year ended 31 March 2021 (continued)

13 PROGRAMME RELATED INVESTMENTS (continued)

LOANS	HI Fund	Loan Fund	Equity Investments	Total
	£	£	£	£
Gross investments – loans:				
As at 1 April 2020	140,921	41,824,502	5,494,301	47,459,724
New loans advanced during the year	-	6,378,902	-	6,378,902
Loans converted to grant	(140,921)	(2,717,902)	-	(2,858,823)
Loans written off	-	(977,520)	-	(977,520)
Loans repaid in cash	-	(3,064,358)	-	(3,064,358)
Exchange rate loss on retranslation	-	(3,519,806)	(376,734)	(3,896,542)
As at 31 March 2021	<u>-</u>	<u>37,923,818</u>	<u>5,117,567</u>	<u>43,041,383</u>
Impairment provisions:				
As at 1 April 2020	140,921	17,990,402	2,518,388	20,649,711
Movement on provisions during the year	-	(1,113,176)	1,197,028	83,852
Release of impairment provisions on loans converted to grant or written off	(140,921)	(3,621,415)	-	(3,762,336)
Exchange rate (losses)/gains on revaluation	-	(1,506,699)	(172,681)	(1,679,380)
As at 31 March 2021	<u>-</u>	<u>11,749,113</u>	<u>3,542,735</u>	<u>15,291,848</u>
Net investments as at 31 March 2021	<u>-</u>	<u>26,174,704</u>	<u>1,574,832</u>	<u>27,749,536</u>
Net investments as at 31 March 2020	<u>-</u>	<u>23,834,100</u>	<u>2,975,913</u>	<u>26,810,013</u>

All loans are concessionary loans, with a typical term of 5-7 years. Loans advanced since the end of 2014 have generally been interest bearing at varying rates (generally between 5% and 6%). As at 31 March 2021, 60% (2020: 52%) of the current loan portfolio is interest bearing.

Notes to the Financial Statements for the year ended 31 March 2021 (continued)

13 PROGRAMME RELATED INVESTMENTS (continued)

Reall's loans are largely denominated in local currency and all exchange gains and losses are absorbed into/by the HI/CLIFF funding portfolio respectively. We operate in a number of countries with volatile currencies and as such the valuation of our loan portfolio can vary significantly over relatively short time periods.

These recoverable amounts are subject to loan impairment (shown above).

Analysis of gross loans by debt maturity:

	2021	2020
	£	£
Amounts payable:		
In one year or less or on demand	19,045,671	27,621,778
In more than one year but not more than two years	4,373,234	6,854,697
In more than two years but not more than five years	14,288,601	5,654,260
In five years or more	5,333,878	7,328,989
	<u>43,041,383</u>	<u>47,459,724</u>

The debt maturity and expected recoverability over the next year is £1.4 million loan repayment and £2.9 million from exiting partners and equity disposals. For the year after these amounts are £4.55million and £1.78 million respectively. Many loan repayments are recycled into future projects respectively rather than being repaid in cash. When this occurs, the amounts are shown as a repayment and a new loan is recorded to reflect the change in purpose of the loan. £1,002,583 of loans were recycled in this way during the current financial year (2020: £nil).

As at 31 March 2021 we recognised an impairment provision of £15.3m (2020: £20.6m) against the recoverability of loans advanced to partner organisations through a formal assessment of the recoverability of our loan portfolio. Determining the amount of provision, which reflects the trustees' best estimate of the recoverability of these amounts requires significant judgement.

It is necessary therefore to form a view on matters which are inherently uncertain, such as the progress of the individual programmes, the receipts likely to be generated from future sales and increases in future costs incurred in the projects by partners.

The key drivers relating to the provision at 31 March 2021 and the work undertaken to assess them is set out below:

- Political and economic issues within each territory which impact the partners ability to deliver the project in line with the plan agreed or recycle funds back to the charity.
- Movements in income and expenditure which impact the expected return on the project.
- The ability of the project to deliver the planned number of units and revenue.
- The impact of Covid-19, causing delays to projects and causing increases in project costs.

Notes to the Financial Statements for the year ended 31 March 2021 (continued)

13 PROGRAMME RELATED INVESTMENTS (continued)

ACCRUED INTEREST ON LOANS

	HI Fund £	Loans Fund £	Total £
Gross accrued loan interest:			
As at 1 April 2020	18,513	2,973,306	2,991,819
Interest repaid in cash	-	(306,806)	(306,806)
Loans converted to grant in year	(18,513)	-	(18,513)
Net impact of loan interest recycled	-	-	-
New accrued interest in year	-	417,356	417,356
As at 31 March 2021	<u>-</u>	<u>3,083,856</u>	<u>3,083,856</u>
Loan Interest Impairment provisions:			
As at 1 April 2020	18,513	1,209,372	1,227,885
New provisions during the year	-	445,818	445,818
Release of impairment provisions on loans converted to grant	(18,513)	-	(18,513)
As at 31 March 2021	<u>-</u>	<u>1,655,190</u>	<u>1,673,703</u>
Net accrued interest as at 31 March 2021	<u>-</u>	<u>1,428,666</u>	<u>1,428,666</u>
Net accrued interest as at 31 March 2020	<u>-</u>	<u>1,763,934</u>	<u>1,763,934</u>

Notes to the Financial Statements for the year ended 31 March 2021 (continued)

14 DEBTORS

	2021 £	2020 £
Prepayments and accrued income	132,045	82,212
Other	15,644	695
	147,689	82,907

15 REMEDIAL PROJECTS

	2021 £	2020 £
Balance as at 1 April 2020	849,523	-
Additions in year	2,523,010	849,523
Disposals in year	-	-
Balance at 31 March 2021	3,372,533	849,523
Impairment Provisions		
Balance as at 1 April 2020	462,587	-
Impairment in year	1,345,255	462,587
Balance as at 31 March 2021	1,807,842	462,587
Net balance as at 31 March 2021	1,564,691	386,936

16 CREDITORS - amounts falling due within one year

	2021 £	2020 £
Unpaid supplier invoices	183,500	331,187
Taxation and pension costs outstanding	8,727	22,672
HI Fund loans repayable	-	320,500
Reall Bond loans repayable	-	40,000
Interest on Reall Bond loans	-	2,471
Accruals	311,321	134,828
Deferred Rent	7,997	-
Mortgage liability	-	50,617
Other Creditors	5,782	-
	517,326	902,275

17 CREDITORS: Amounts falling due after more than one year

	2021 £	2020 £
Mortgage Liability	-	442,027
Deferred Rent	113,629	15,734
HI Fund loans	-	36,000
REALL Bond loans – loans + interest on loans with maturity dates greater than 1 year.	-	11,150
	113,629	504,911

Notes to the Financial Statements for the year ended 31 March 2021 (continued)

17 CREDITORS: Amounts falling due after more than one year (continued)

Movement on HI loans during the year was as follows:

	2021	2020
	£	£
Balance as at 1 April 2020:		
Falling due within less than one year	362,971	198,000
Falling due after one year	47,150	248,500
Interest accrued in the year	1,482	3,621
Loans repaid	(36,024)	(40,000)
Loans converted to grant	(375,579)	
Balance as at 31 March 2021	<u>-</u>	<u>410,121</u>

During the financial year, the majority of lenders agreed to convert their loans to grants, and any remaining amounts outstanding were settled, and the Homeless International Fund closed.

Analysis of debt maturity	2021	2020
	£	£
Amounts liability payable:	-	
In one year or less or on demand	-	362,971
In more than one year but not more than two years	-	32,150
In more than two years but not more than five years	-	15,000
In five years or more	-	-
	<u>-</u>	<u>410,121</u>

Movement on Mortgage during the year was as follows:

	2021	2020
	£	£
Balance as at 1 April 2020:		
Falling due within less than one year	50,617	50,617
Falling due after one year	442,027	492,644
Capital repaid	(492,644)	(50,516)
Balance as at 31 March 2021	<u>-</u>	<u>492,745</u>

The mortgage taken out in August 2016 was to purchase our office accommodation and secured on that building. This was sold in August 2020, the mortgage repaid, and the charge on the building released.

Movement on Deferred Rent during the year was as follows:

	2021	2020
	£	£
At 1 April 2020	15,734	
Rent accrued during the year	105,891	15,734
Accrued rent utilised during the year	-	-
At 31 March 2021	<u>121,626</u>	<u>15,734</u>

The deferred rent period will end on September 2021, from which point the benefit from this will be released in the accounts over the remaining life of the lease.

Notes to the Financial Statements for the year ended 31 March 2021 (continued)

17 CREDITORS: Amounts falling due after more than one year (continued)

Analysis of debt maturity	2021 £	2020 £
Amounts payable:		
In one year or less or on demand	7,997	-
In more than one year but not more than two years	113,629	15,734
In more than two years but not more than five years	-	-
	121,626	15,734

Reall has entered into a lease for new premises which began on 14 February 2020 for a period of 10 years. The lease allows for a reduced rent period of 20 months, the benefit of which is being spread over the life of the lease. The analysis of which is shown above.

18 CASH FROM OPERATING ACTIVITIES

	2021 £	2020 £
Net (expenditure)/income for the year	(1,737,200)	2,887,371
Adjustments for:		
Amortisation of intangible assets	6,278	-
Depreciation of tangible fixed assets	55,389	39,586
(Profit) on disposal of fixed assets	(53,592)	(1,185)
Movement in pension provision	526,169	(408,486)
(Increase) in debtors	(64,782)	(25,971)
Increase in creditors	126,535	292,591
Interest receivable	(8,639)	(316,914)
Interest payable	-	1,054
Mortgage interest payable	41,989	11,749
Homeless International grants	(374,097)	-
Unrealised exchange rate losses on Programme Related Investments	2,217,162	580,549
Exchange rate (gains) on cash and cash equivalents due to exchange rate movements	47,070	(1,380)
Loans converted to grant or written off	3,836,343	-
Release of impairment provision	(3,678,484)	2,247,762
Impairment of assets under construction	1,345,255	462,587
Movement on accrued interest on loans	335,268	-
Net cash generated by operating activities	2,620,663	5,306,726

19 ANALYSIS OF CASH AND CASH EQUIVALENTS

	2021 £	2020 £
Cash in hand and at bank	3,558,856	6,723,208
	3,558,856	6,723,208

Notes to the Financial Statements for the year ended 31 March 2021 (continued)

20 PENSION COMMITMENTS

	2021	2020
	£	£
Net defined benefit pension obligation	<u>929,495</u>	<u>403,326</u>

Reall participates in three schemes under the Social Housing Pension Scheme ("SHPS") that are managed by The Pensions Trust. Two schemes are Defined Contribution Schemes being a designated auto-enrolment scheme and a Higher Rate Defined Contribution Scheme.

Defined Contribution Scheme

This scheme was set up to enable Reall to meet its obligations with regard to auto-enrolment. The assets of this scheme are held separately from those of Reall and are administered separately from the assets of the Reall Defined Benefit Scheme. The pension charge represents contributions payable by Reall to the fund during the year and amounted to £20,632 (2020: £13,359). Contributions totalling £nil (in relation to the March 2021 payroll deductions) were due to the fund as at 31 March 2021 (2020: £3,567).

Higher Rate Defined Contribution Scheme

This scheme was set up to replace the closed Defined Benefit Scheme that the charity had been a member of for many years and is open to any employees who wish to join it instead of the auto-enrolment scheme. The assets of this scheme are held separately from those of Reall and are administered separately from the assets of the Reall Defined Benefit Scheme. The pension charge represents contributions payable by Reall to the fund during the year and amounted to £64,794 (2020: £59,351). Contributions totalling £2,004 (in relation to the March 2021 payroll deductions) were due to the fund as at 31 March 2021 (2020: £12,650).

Defined Benefit Scheme

Reall also participates in the Social Housing Pension Scheme (SHPS), a multi-employer scheme which provides benefits to some 500 non-associated employers. The Scheme is a defined benefit scheme in the UK. The scheme is closed to new members and to further defined benefit accrual and all members transferred to a defined contribution scheme. Reall remains responsible for the deficit within the scheme in relation to the 7 affected current employees and the 39 deferred members and pensioners.

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

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

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

Notes to the Financial Statements for the year ended 31 March 2021 (continued)

20 PENSION COMMITMENTS (continued)

The assets of this scheme are held separately from those of Reall and are administered separately from the assets of the two Reall Defined Contribution Schemes. Contributions totalling £nil (in relation to the March 2021 deficit contributions) were due to the fund as at 31 March 2021 (2020: £5,607).

For financial years ending on or before 28 February 2019, it had not been possible for the charity to obtain sufficient information to enable it to account for this scheme as a Defined Benefit Scheme. Therefore, it accounted for the scheme as a Defined Contribution Scheme.

For financial years ending on or after 31 March 2019, it is now possible to obtain sufficient information to enable the charity to account for the scheme as a Defined Benefit Scheme.

For accounting purposes, a valuation of the scheme was carried out with an effective date of 30 September 2018. The liability figures from this valuation were rolled forward for accounting year-ends from 31 March 2019 to 29 February 2020 inclusive.

Similarly, actuarial valuations of the scheme were carried out as at 30 September 2019 to inform the liabilities for accounting year ends from 31 March 2020 to 28 February 2021 inclusive, and as at 30 September 2020 to inform the liabilities for accounting year ends from 31 March 2021 to 28 February 2022 inclusive.

The liabilities are compared, at the relevant accounting date, with the company's fair share of the Scheme's total assets to calculate the company's net deficit or surplus.

Fair value of plan assets, present value of defined benefit obligation and defined benefit (liability)

	2021	2020
	£'000	£'000
Fair value of scheme assets	2,656	2,299
Present value of defined benefit obligation	3,586	2,703
Deficit in scheme	(930)	(404)

Reconciliation of opening and closing balances of the defined benefit obligation

Defined benefit obligation	2021
	£'000
At start of year	2,703
Current service cost	-
Expenses	6
Interest expense	63
Contributions by scheme participants	-
Actuarial losses (gains) due to scheme experience	16
Actuarial losses (gains) due to changes in demographic assumptions	12
Actuarial losses (gains) due to changes in financial assumptions	818
Benefits paid and expenses	(32)
At end of year	3,586

Notes to the Financial Statements for the year ended 31 March 2021 (continued)

20 PENSION COMMITMENTS (continued)

Reconciliation of opening and closing balances of the fair value of scheme assets

Scheme assets	2021
	£'000
At start of year	2,299
Interest income	54
Experience on scheme assets (excluding amounts included in interest income – gain (loss))	255
Employer contributions	80
Member contributions	-
Benefits paid and expenses	(31)
At end of year	2,656

Defined benefit costs recognised in Statement of Comprehensive Income

	2021
	£'000
Expenses	6
Net interest expense	9
Total	15

Defined benefit costs recognised in Other Comprehensive Income

	2021
	£'000
Experience on plan assets income – gain (loss)	260
Experience gains and losses on plan liabilities – gain (loss)	(16)
Effect of changes in demographic assumptions underlying the present value of the defined benefit obligation – gain (loss)	(12)
Effect of changes in financial assumptions underlying the present value of the defined benefit obligation – gain (loss)	(818)
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable)-gain (loss)	(586)
Effect of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost)	-
Total amount recognised in Other Comprehensive Income - gain/(loss)	(586)

Assets

	31 March 2021	31 March 2020
	£'000	£'000
Global Equity	423	336
Absolute Return	147	120
Distressed Opportunities	77	44
Credit Relative Value	84	63
Alternative Risk Premia	100	161
Fund of Hedge Funds	-	1
Emerging Markets Debt	107	70
Risk Sharing	97	78
Insurance-Linked Securities	64	71
Property	55	51
Infrastructure	177	171

Notes to the Financial Statements for the year ended 31 March 2021 (continued)

20 PENSION COMMITMENTS (continued)

Private Debt	63	46
Opportunistic Illiquid Credit	67	56
High Yield	80	-
Opportunistic Credit	73	-
Cash	-	-
Corporate Bond Fund	157	131
Liquid Credit	32	1
Long Lease Property	52	40
Secured Income	110	87
Over 15 Year Gilts	-	-
Index Linked All Stock Gilts	-	-
Liability Driven Investment	675	762
Net Current Assets	16	10
Total Assets	2,656	2,299

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

Assumptions

	2021	2020
	% per annum	% per annum
Discount rate	2.22	2.33
Inflation (RPI)	3.20	2.51
Inflation (CPI)	2.87	1.51
Salary growth	3.87	2.51
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2021 imply the following life expectancies

	Life expectancy at age 65
	Years
Male retiring in 2021	21.6
Female retiring in 2021	23.5
Male retiring in 2041	22.9
Female retiring in 2041	25.1

21 UNRESTRICTED FUNDS

The unrestricted funds are made up as follows:
General Unrestricted Funds

2021 £	2020 £
847,918	458,058

Notes to the Financial Statements for the year ended 31 March 2021 (continued)

22 RESTRICTED FUNDS

Restricted Funds are those donated and restricted for use in a particular area or for specific purposes:

	As at 31 March 2020	Other recognised gains/(losses)	Income	Expenditure	Transfers between funds	As at 31 March 2021
	£	£	£	£	£	£
HI Fund	(280,030)	-	-	-	280,030	-
Programme Funds	35,699,859	(577,972)	7,404,501	(8,953,589)	(1,243,550)	32,329,249
Recycled Funds	520,620	-	-	-	963,520	1,484,140
	35,940,449	(577,972)	7,404,501	(8,953,589)	-	33,813,389

	As at 1 April 2019	Other recognised losses	Income	Expenditure	Transfers between funds	As at 31 March 2020
	£	£	£	£	£	£
HI Fund	(281,242)	-	1,212	-	-	(280,030)
Programme Funds	32,924,154	355,361	9,359,672	(6,889,306)	(50,022)	35,699,859
Recycled Funds	470,598	-	-	-	50,022	520,620
	33,113,510	355,361	9,360,884	(6,889,306)	-	35,940,449

Notes to the Financial Statements for the year ended 31 March 2021 (continued)

22 RESTRICTED FUNDS (continued)

The Homeless International Fund was established in 2012 and the funds raised from the UK Housing Association movement were successfully used for a number of housing and poverty reduction programmes. In the last financial year, we were grateful to receive the support of the Housing Association participants who agreed to cancel their loans.

The investment programme is funded by FCDO & Sida with some limited contributions from General Unrestricted reserves. Reall co-ordinates the investment programme at the global/central level and development partners co-ordinate investment programme at the local level in the countries detailed in note 7.

During the year we did not receive investment programme loan repayments whilst we worked with partners to reschedule loans. Repayments are recycled back into achieving Reall's objectives and mission. These are presented separately in the table above under the heading recycled funds. This separation demonstrates the process by which donor funds previously disbursed as loans to projects are received back from partner organisations through loan repayments and which are then available for subsequent use by Reall. Whilst the recycled funds are to be used to deliver Reall's objectives and mission we have presently identified these as restricted funds, although this may be revisited in future years.

23 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Restricted Funds £	Unrestricted Funds £	Total Funds £
As at 31 March 2021			
Intangible assets	-	68,163	68,163
Tangible assets	-	459,913	459,913
Programme related investments	29,178,203	-	29,178,203
Investments in Joint Ventures and Associates	1,244,242	-	1,244,242
Net Current Assets	4,406,561	347,349	4,753,910
Creditors: amounts falling due after more than one year	(113,629)	-	(113,629)
Net Defined Benefit Scheme obligation	(901,978)	(27,517)	(929,495)
Net assets at 31 March 2021	<u>33,813,389</u>	<u>847,918</u>	<u>34,661,307</u>
As at 31 March 2020			
Tangible Fixed Assets	-	1,197,779	1,197,779
Programme Related Investments	28,573,947	-	28,573,947
Investments in Joint Ventures and Associates	1,244,242	-	1,244,242
Net Current Assets	6,568,161	(277,386)	6,290,776
Creditors: amounts falling due after more than one year	(62,884)	(442,027)	(504,911)
Net defined benefit scheme obligation	(383,018)	(20,308)	(403,326)
Net assets as at 31 March 2020	<u>35,940,448</u>	<u>458,058</u>	<u>36,398,507</u>

Notes to the Financial Statements for the year ended 31 March 2021 (continued)

24 MEMBERS OF THE COMPANY

The company is limited by guarantee and thus does not have any issued share capital. Each member guarantees during their membership and for one year after membership ceases, the sum of £1 to the company in the event of a winding up order. Details of members as at 31 March 2021 are included within the Directors Report. Any surplus on winding up is to go to a charity whose objects are of a similar nature.

25 FINANCIAL COMMITMENTS

As at 31 March 2021, the charity had total future minimum lease payments due as follows:

	2021 £	2020 £
Payable:		
In less than one year	129,791	127,624
In two to five years	517,537	510,496
After 5 years	494,762	622,386
	<u>1,142,090</u>	<u>1,260,506</u>

Reall has entered into a lease for new premises which began on 14 February 2020 for a period of 10 years. The lease allows for a reduced rent period of 20 months, the benefit of which is being spread over the life of the lease. Moreover, Reall has entered into a lease for two printer / copiers, which began on 2 July 2020 for 60 months. The value of the lease payments is reflected above.

Notes to the Financial Statements for the year ended 31 March 2021 (continued)

26 RELATED PARTY TRANSACTIONS

The following transactions with joint ventures and associates as detailed in note 12 have taken place as set out below:

	Affordable Housing Solutions £	Sheltersol Holdings £	SEWA Nirman Private £	Ansaar Management Company (Private) £	Oakleaf Investment Holdings 149 Proprietary £	Enterprise for Housing Development Uganda £
2021						
Programme related Investments						
Gross interest-free loans	-	1,473,539	-	508,308	-	-
Gross interest-bearing loans	-	4,746,311	-	9,452,963	240,181	55,260
Gross equity investments	-	-	5,117,567	-	-	-
Impairment provision	-	(3,733,388)	(3,542,734)	-	(28,286)	(35,240)
Net loans as at 31 March 2021	-	2,486,462	1,574,833	9,961,271	211,895	20,020
<i>Interest rate payable</i>	-	0-5%	0%	0-6%	7%	5-6%
Grants						
Capacity loans converted to non-repayable grant	-					
Non-repayable grants	5,000	79	-	574,974	257	11,451
Total grants year ended 31 March 2021	5,000	79	-	574,974	257	11,451
2020						
Programme related Investments						
Gross interest-bearing loans	140,921	6,920,010	-	11,520,894	723,429	41,293
Gross equity investments	-	-	5,494,301	-	-	-
Impairment provision	(140,921)	(4,046,586)	(2,518,387)	(920,273)	(543,566)	(23,275)
Net loans as at 31 March 2020	-	2,873,424	2,975,914	10,600,621	179,863	18,018
<i>Interest rate payable</i>	5%	0-5%	4/5%	0-5%	0/7%	0-6%
Grants						
New grants	-	3,157	2,970	51,617	355,454	3,597
Total grants year ended 31 March 2020	-	3,157	2,970	51,617	355,454	3,597

Notes to the Financial Statements for the year ended 31 March 2021 (continued)

27 FINANCIAL INSTRUMENTS

The carrying amount of the charity's financial instruments at 31 March was:

	2021	2020
	£	£
Financial assets:		
Cash	3,558,856	6,723,208
Loans measured at cost less impairment plus accrued interest	29,178,203	28,573,947
Total	<u>32,737,059</u>	<u>35,297,155</u>
Financial liabilities:		
Concessionary loans measured at cost plus accrued interest	-	356,500
Bonds measured at cost plus accrued interest	-	53,621
Mortgage Liability	-	492,644
Other measured at amortised cost	503,548	488,686
Total	<u>503,548</u>	<u>1,391,451</u>

28 CAPITAL COMMITMENTS

As at 31 March Reall had the following capital commitments:

	2021	2020
	£	£
Contracts for future capital expenditure not provided in the financial statements – fixed assets	<u>-</u>	<u>52,134</u>

REALL LIMITED

England & Wales - Charity number 1017255

Accounts

Reall Limited
a company limited by guarantee

Annual Report & Financial Statements
for the year ended 31 March 2020



Charity registered in England & Wales No. 1017255
Charity registered in Scotland No. SC041976
Company Registration No. 2713841

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Charity and Company Information

Name of Charity	Reall Limited
Charity Registration Number England & Wales Scotland	1017255 SC041976
Company Registration Number	2713841
Chief Executive	Ian Shapiro
Registered Office & Principal Address of the Charity	6th Floor, Friars House, Manor House Drive, Coventry, UK, CV1 2TE
Auditors	RSM UK Audit LLP, 2 nd Floor, St Philips Point, Temple Row, Birmingham, B2 5AF
Solicitors	<i>Weil, Gotshal & Manges</i> – 110 Fetter Ln, Holborn, London EC4A 1AY (pro bono) <i>Devonshires Solicitors</i> – 30 Finsbury Circus, Finsbury, London EC2M 7DT
Bankers	<i>The Royal Bank of Scotland plc</i> – 15 Little Park Street, Coventry, CV1 2RN

Chair's Report for the year ended 31 March 2020

Welcome to our Annual Report and Financial Statements.

Covid-19 has made Reall's mission to build an affordable homes movement to transform the lives of 100 million people in urban Africa and Asia by 2030 even more crucial. The affordable housing crisis is one of humanity's greatest challenges but it is also one of humanity's greatest opportunities. Currently there are 1.2 billion people without adequate shelter in quality, affordable homes but we have the opportunity to change the dynamic if we make the right choices.

Progress in 2019/20 has been substantial, including delivering homes for many hundreds of families on local incomes. We have further developed our robust internal processes as well as preparing the corporate strategy for an ambitious next five years. We continue to develop, refine and share our housing models in order to unlock the political will, capital investment and end-user finance needed to reach our goal. We have partnered with two new organisations in India and rigorously managed our existing build and brokering portfolio. Our anchor investors, the Swedish Government through Sida and the UK Government through the Foreign, Commonwealth and Development Office (FCDO), have provided continued backing, assistance and capital. Our network of partners across Africa and Asia have continued to deliver commercially viable sustainable solutions for the poorest 40% in their communities; and we continue to collaborate with diverse organisations.

Our newly developed Reall open-source data dashboard demonstrates our pioneering global impact. Since 1989, 3.5 million people on a low-income have been reached through Reall-supported initiatives, including providing over 730,000 people to improve, develop or own their own home, 350,000 people with access to land with secure tenure and ensuring over 1.1 million people benefit from improved sanitation.

This financial year has been slower in delivery terms than usual, partly impacted by Covid-19 restrictions towards the end of 2019/20. Nevertheless, we have approved projects to provide an additional 720 homes across 2 countries, benefiting 3,875 people. Our risk and assurance processes have been reinforced and continue to be robustly conducted despite Covid-19 travel restrictions. Engagement with our African and Asian partners is constant, including an Asian meeting in Malaysia in April 2019 and an African meeting in Kenya in June 2019 as well as an all-partner network event in Abu Dhabi in February 2020. This helps reinforce the shared benefits of the Network and mutual learning as a strong complement to the necessary operational, governance and assurance support.

We are delighted that last year Sida committed a further four years of grant support to enable us to deliver our mission. We received £8.9m from Sida and FCDO. £2.5m was disbursed in new loans and grants. We also won a highly competitive FCDO grant for innovative end-user financing work for work from now into 2022/23.

Our ambition means we must crowd others into this uncrowded space. Therefore, raising our profile including through attendance at the UN led World Urban Forum (WUF10) in February 2020 was of great importance. WUF10 was a huge success in providing a high profile platform to demonstrate our credible and commercially viable solution to rapid urbanisation. As a result, exciting partnership discussions continue to take place with potential investors, developers and collaborators.

The Board has undergone an evolution with the previous Chair, David Orr and three Board Members (Suzanne Forster, Alison Brown and Shantanu Bhagwat) reaching the end of their highly impressive tenures. Alongside myself joining the Board, it is excellent to have new talent joining the existing quality Board members. This year Diana Mitlin (Professor at Manchester University), Andrea Marmolejo (impact investing specialist) and Paul Hackett (CEO of Optivo) have helped further strengthen the Board. The Board's calibre has been integral to the culture of learning and improvement across the organisation.

On behalf of the Board, I would like to express our gratitude to our long-term supporters, both individuals and organisations. I would also like to thank the Board and the staff for their quality work over the year in driving forward our mission.

Christopher Loughlin
Chair

Date 10 September 2020

Report of the trustees for the year ended 31 March 2020

The trustees are pleased to present their annual Trustees' Report, including their strategic review, together with the financial statements of the charity for the year ended 31 March 2020, which are also prepared to meet the requirements for a Directors' Report and accounts for Companies Act purposes.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum & Articles of Association and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

Our objectives, vision and mission

Reall is a UK-based international development organisation that is building an affordable homes movement to improve the life chances of 100 million people in urban Africa and Asia by 2030. Over the last 31 years, Reall has worked with partners, contractors, governments and finance institutions to make the affordable housing market accessible to the poorest 40%. Affordable homes are a fundamental human right that unlock unimaginable human potential to shape a future of gender parity, climate resilience, clean air, renewable energy and socio-economic justice, as well as being the doorway to realising 16 of the 17 Sustainable Development Goals (SDGs).

The affordable housing crisis is one of humanity's greatest challenges. Not only is it a basic human right, it is also an opportunity to tap into a \$17 trillion uncrowded marketplace. Through its business model Reall realises return on investment through loans, equity, guarantees and grants, allowing funds to be revolved at a country level or recycled and reinvested across the portfolio. Our track record shows that deploying patient capital can de-risk investments, providing the opportunity for people to own an asset, gain access to formal finance mechanisms, breaking the cycle of poverty and demonstrate a commercially viable solution for people on low incomes.

We develop, refine and share innovative housing models that unlock the political will, capital investment and end-user financing needed to create opportunities for people to secure quality affordable homes in safe communities with adequate sanitation. We work to influence policy and secure government support, driving change in regulations and engaging the banking sector around end-user finance. Partnership is key to the way Reall works and alongside governments, research bodies, small and medium enterprises, private sector contractors, think tanks and multi-lateral organisations, we aim to develop housing markets at speed and scale. We work in open collaboration in order to achieve our mission.

We hugely value the continued support from our anchor investors, the UK's Foreign, Commonwealth and Development Office (FCDO) and the Swedish Government's International Development Agency (Sida). Sida has committed funding up to April 2024 and FCDO up to December 2020. A March 2020 Donor review encouragingly concluded that Reall has responded positively to previous reviews, with significant improvements made to the design of the operating model and assurance framework. The next phase requires us to broaden our funding base and a new fundraising strategy is being implemented by a newly dedicated team to target potential supporters.

Strategic report

2019/20 has been a very positive year for Reall. With a strong vision, direction and leadership, the organisation has further strengthened its impact through internal processes and policies as well as ways of working across its network.

The key areas of our business remain the same; Investment & Operations (led by Patrick Domingos-Tembwa), Market Transformation (led by Emma Harrington up to October 2019 and since then Lucy Livesley), Finance & Corporate Services (led by Michele Pietsch up to November 2019 and since February 2020 by Noel Grace) and Corporate Planning (led by Mark Atterton). An independent staff survey

Report of the trustees for the year ended 31 March 2020 (continued)

Strategic Report (continued)

conducted in February 2020 demonstrated positive results with staff highly motivated to deliver our objectives. Recruitment to strengthen the team and drive forward our strategy has increased staffing from 30 to 37.

We have partnered with two new Indian organisations this year, taking our total number of partners to 13. Both are strategically aligned to our mission and indicative of a growing investable pipeline. Alongside these new partners, we continue to work with existing partners to improve their operations and support programme delivery.

Achievements and Performance in the year

In the following section, we look at the key elements of the programme (Investment & Operations and Market Transformation) to give a flavour of our work over the past year.

Investment & Operations

Reall has continued to deliver on its mission, with numerous successes, such as:

- We approved projects to provide an additional 720 homes (including water, sanitation and electricity) which will benefit nearly 4,000 people. This brings the portfolio total to over 25,000 homes since 2010. This includes a project with new partner Janaadhar in India and an innovative community bridge-financing scheme in Philippines. The Philippines project will enable 70 community member's households to purchase land to construct new homes.
- Newly approved projects will directly create 3,600 jobs, this brings the total number created to around 55,000 jobs since 2010.
- Our partners completed 470 homes last year in Nepal, Philippines, Pakistan, Mozambique and Zimbabwe. The total number of completed homes since 2010 is now over 11,000.

We are developing country strategies for our priority countries. A set of stretching KPIs are in development to assess how effectively we are building and brokering to transform markets.

Across our network we have a wide range of partners who provide affordable homes (through both ownership and rental) and/or end-user financing. We continue to work closely with all our partners through Partner Development Plans with clearly defined improvement strategies. Several partners have experienced financial or governance issues across the year. We have continued to support them through targeted grant funding and technical support. We have a Transitions Unit to progress relationships with partners who are struggling to meet our minimum standards. This includes preparing for a responsible exit where appropriate. We constantly review the portfolio and where suitable revolve funds from stalled projects to ensure they can be utilised more productively in other areas to accomplish our purpose.

Market Transformation

To deliver our mission of market transformation requires us to attract new investments. To support our fundraising, we are using our credibility to improve our presence within the sector. Some of our key successes across 2019/20 are listed below:

- We established a dedicated Fundraising team to drive forward our medium to long term fundraising strategy.
- We developed and launched an interactive global impact data dashboard and conducted multiple impact studies across Africa and Asia.
- We launched Reall's new communications collateral including a new website and strategic use of social media channels.

Report of the trustees for the year ended 31 March 2020 (continued)

Achievements and Performance in the year (continued)

- We had a highly successful presence at WUF10, hosted by UN Habitat in February 2020, establishing ourselves as a leading sector voice (including an exhibition stand, two well attended networking events, seven speaking slots, three high-profile special sessions, roundtables and dialogue events).
- We attended and presented at various sector related engagements such as World Water Week, the African Union for Housing Finance conference, and the international affordable housing conference at the Bartlett School of Planning, UCL London.
- We won a highly competitive grant for innovation focused on end-user financing.
- We have published multiple articles in UK broadsheet newspapers and contributed to academic journals.
- We successfully executed Investor Forums in London and Stockholm with FCDO and Sida.

There are exciting discussions proceeding with a host of new potential investors, including governments, foundations and investment banks.

We continue to work with the network as a whole to explore ways to magnify our voice and increase our impact. We share and publicise our work and best practice wherever we find it, and champion the provision of globally affordable housing. Our astute use of evidence and a compelling proof of concept has led to substantially greater requests for our contribution to key events.

Financial review

The Statement of Financial Activities on page 20 sets out Reall's income and expenditure for the year ended 31 March 2020.

The financial position at the end of the financial year is strong with a significant cash balance carried forward at 31 March 2020. The year saw a slow level of partner disbursements as Reall introduced an improved investment decision making process and greater partner assurance to improve the quality of the partner network. There was a net increase in funds of £2.9 million (2019: decrease £6.6 million) with total reserves at the end of the year £36.4 million (2019: £33.5 million). New loans granted during the year amounted to £1.6 million and are shown on the Balance Sheet (2019: £3 million). Over time we are confident that this prudent approach will leave Reall better placed to develop our mission.

The Core funding element of the Sida contract has continued to support our operating costs as well as our work in two key areas:

- Developing the operational capacity of our partners to help them to be better governed, more self-sustaining and increasingly ready for local investments.
- Developing our in-house investment capacity and skills to support our work to attract new funding from impact investors and other similar organisations to reduce our reliance on FCDO and Sida in the future.

We have continued to support our partners with technical assistance and additional capacity funding to enable them to continue to operate. The year also saw the first year of our new assurance programme where each partner's operations were reviewed by our internal team and KPMG. We have made £0.9 million of new capacity grants which are included in the Statement of Financial Activities (2019: £1 million). As part of our long-term strategy we introduced a moratorium with partner loan repayments whilst we agreed new loan agreements and loan repayment timetables.

Reall advances loans to partners in local currency, which means that our loan portfolio is always subject to exchange rates fluctuations. We made an exchange rate loss of £0.6m this year (2019: £0.5m gain).

Report of the trustees for the year ended 31 March 2020 (continued)

Financial Review (continued)

The trustees recognise that Reall operates in high risk areas where the certainty of achieving the outcomes expected when loans are advanced is far lower than if we were operating in more developed countries. This means that there is also a greater need to recognise significant levels of loan impairment which could be released when outcomes are achieved. The catalytic nature of Reall's work means that a very low level of impairment would probably indicate an insufficient level of innovation and risk in our operations.

During the year we have taken over direct management of two partially completed projects in Burkina Faso and Ghana where the original construction projects had stalled. Following a procurement review we have engaged with local contractors to complete the works. Our intention is to sell the houses built and a sales programme has been developed. The value of the work completed is shown in note 15 under assets under construction after consideration of any impairment against the value of the work in progress.

Comparing this year to last year on a regular basis there was an improvement in the level of impairment provision, but we have given additional consideration to the impact of Covid-19 on our partners. The consideration of the impact of Covid-19 was very challenging with the pandemic increasing in Africa and Asia, but in view of uncertainty we have provided for an additional £2.7 million. Offsetting this in year is a release of previous impairment provision of £0.9m due to improvements in our partner's position. Therefore, the final impairment percentage is 43%.

Without that Covid-19 provision the impairment percentage would have been 38% compared to 41% last year.

In summary, the loan balance movement in the year is set out below:

	Gross	Impairment provision	Net
	£million	£million	£million
As at 1 April 2019	46.5	(18.9)	27.6
New loans in year	1.6	-	1.6
New impairment in year	-	(1.8)	(1.8)
Net repayments and recycling in year	-	-	-
Exchange loss in year	(0.6)	-	(0.6)
Capacity loans converted to grant in year	(0.1)	0.1	-
As at 31 March 2020	47.4	(20.6)	26.8

We continue to ensure we achieve value from all our investments in partners and our operational costs. In this financial year we have invested in building operational capacity to prepare for our next period of growth and to increase the quality of our oversight and development of partners. This included new staff resources in managing legacy partners and the development of an in-house assurance team. Overall support costs were £2.4 million (2019: £1.7 million) and operational costs £0.9 million (2019: £0.6 million).

Reserves Policy

The level of reserves is monitored through Reall's planning, budgeting and forecasting processes including through the approval of the annual budget before the beginning of the new financial year and monthly financial performance monitoring.

All commitments under legally binding programme expenditure will only be entered into after confirmation that funds to meet that obligation are secured and available.

Report of the trustees for the year ended 31 March 2020 (continued)

Financial Review (continued)

The policy statement and the calculation of reserves balances will be disclosed in the statutory accounts and will be subject to audit.

The calculation of reserves balances will be presented to trustees for approval, prior to inclusion in the statutory accounts.

The trustees formally review the reserve levels of the charity annually. The review encompasses the nature of the income and expenditure streams, the need to match income with commitments and the nature of the reserves. In the opinion of the trustees, the key reserves of the charity are the unrestricted reserves together with the restricted reserves.

Reserves are held to cover delays in the renewal of key funding streams as well as to provide a cushion for any unexpected emergencies in their operations.

It is the Board's policy to carry forward, from one year to the next, a sufficient amount in the combined General Unrestricted and Restricted Reserves an amount which, in the opinion of the Trustees, will cover the costs of continuing to operate for a period of 12 months, in the event of a material decrease or shortfall in Reall's income arising from an end to agreed funding streams for the programme. These "available reserves" will also include any unspent funds carried forward as at the year-end and will deduct loan balances and any other illiquid assets.

On this basis, available reserves therefore amount to the following at 31 March:

	2020	2019
	£million	£million
Total unrestricted reserves	0.5	0.4
Total restricted reserves	35.9	33.1
Total reserves	36.4	33.5
Total loan book	(26.8)	(27.6)
Available reserves	9.6	5.9

The latest financial forecast shows the following:

Financial Commitments 2020/21	£million	£million
Operational Costs	5.3	
Committed expenditure	3.3	
Total commitments		8.6
Uncommitted		4.8

These amounts are before consideration of amounts receivable from Sida under our contract through to March 2023 of £5.6 million per year.

Donations and Fundraising

Reall is not dependent upon general fundraising and donations to enable it to carry out its core work. As such, it does not campaign for funds either directly or indirectly or use professional fundraisers, and therefore there is no non-conformity with any standards, nor activity to monitor. Based on there being no fundraising activities, Reall is satisfied that the public are not impacted by any fundraising approaches or pressures and has had no complaints. Reall still continues to receive nominal amounts of unsolicited donations raised by other organisations, who have chosen Reall as a beneficiary of their own charitable

Report of the trustees for the year ended 31 March 2020 (continued)

Financial Review (continued)

activities. These funds are treated as General Unrestricted funds within the Statement of Financial Activities.

Grants and Investment policy

Reall provides loans and grants to its international partner organisations for work that supports the objectives, vision and mission of the charity. The international policy provides a framework for grant giving and investment as well as informing our research, consultancy and advocacy work. In particular, Reall will:

- Provide loans and grants to partners for initiatives that have the potential to scale up, attract other funding and influence policy and practice.
- Make loans available for partners' initiatives only where other sources of finance are not available or appropriate.
- Loans are converted to grants where there is no possibility of recovery of outstanding loan amounts but where there are completed projects of at least equivalent value to the original loan granted.
- Make grants and loans to partners for initiatives within the context of a broader strategic partnership between Reall and the partner.
- Provide grants where a partner is affected by a disaster or emergency which affects the ongoing work of the partner.

Future Plans

The Board approved a full year budget for the year ending 31 March 2021 and an indicative budget for the year to 31 March 2022 in March 2020. At the time of the budget setting the initial impact of Covid-19 was being felt in the UK and subsequently developed across our operational areas in Africa and Asia. Consequently, a revised forecast and cash flow for the year to 31 March 2021 was prepared and approved by the Board in May 2020.

This forecast includes £5.6m from Sida in the second year of our four-year agreement and £1.5 million from FCDO carried forward from 31 March 2020, other income from partner loan repayments and remedial projects of £6.8 million and programme investment at £10.9 million. The forecast shows a healthy financial position through to 31 March 2021 and beyond. The Board considered a series of stress tests of the financial plans at their May 2020 meeting and this demonstrated that Reall's financial position had sufficient resilience to withstand any major impacts of Covid-19.

We have launched our 5-year corporate strategy for 2020–2025 and this sets out Reall's goal to build an affordable homes movement that improves the life chances of 100 million people in urban Africa and Asia, by 2030. This ambitious target represents a small proportion of the need with urbanisation increasing across Africa and Asia.

Reall aims to crowd in the private sector and deliver economic development outcomes through a commercially viable \$10k home and offering solutions to make urbanisation work for the poorest 40% across emerging markets in Africa and Asia. We are poised to scale up so that by the end of 2024, we will realise the ambitions of build and broker:

- Proving that affordable homes can be delivered for the bottom 40%, including commercial and environmental viability at \$10k.
- Transforming markets by engaging others, drawing on evidence and making strategic interventions to enable 10 million people in the bottom 40% to have an affordable home.

Report of the trustees for the year ended 31 March 2020 (continued)

Financial Review (continued)

We have also set out our Operating Plan for the year ending 31 March 2021 and this has the following key objectives and projects:

- Fundraising: Secure at least £5.5m new funding, with agreements in place to reach £20m p.a. from 2021/22 and existing Sida and FCDO contract needs met.
- Build: Robust Partner Development Plans help deliver 1,000 homes including watsan and services with a minimum of 10% at \$10k, and an improving portfolio performance capable of at least 3,000 commercially and environmentally viable homes in 2021/22.
- Countries: 6 Country Strategies drive a focus on brokering to transform markets and determine resource allocation decisions for bottom 40% of the income pyramid with baseline market shaping indicators.
- Brokering: Influencing global dialogue on social and economic benefits of Affordable Housing as a resilient, investable and sustainable solution to urban growth and vulnerability including Covid-19.
- Climate: Climate smart approach integrated into all build and broker investments with a minimum of 20% EDGE-certified homes. Organisation carbon footprint understood and a plan in place to reduce it by 30% by 2023.
- Transitions: Transition projects and partners have a responsible exit.
- Culture: Relentless focus on organisational culture including commitments to engagement in decision making processes, communication, systems efficiency, diversity, risk management, learning and value for money in decision making.

Pensions

The charity participates in three schemes under the Social Housing Pension Scheme ("SHPS") that are managed by The Pensions Trust. The SHPS is a multi-employer scheme which provides benefits to some 500 non-associated employers. Two schemes are Defined Contribution Schemes; Reall's designated Auto-Enrolment Scheme and Reall's Higher Rate Defined Contribution Scheme and the other scheme is a closed Defined Benefit Scheme.

The charity was advised on 18 June 2018 that, following the annual financial risk assessment of members of the SHPS Defined Benefit ("DB") Scheme, Reall had been classed as a "Higher Risk" employer. This means that Reall was required to cease DB accrual and transfer all members of the DB scheme to an alternative Defined Contribution ("DC") scheme with effect from 1 October 2018. Reall already had a DC scheme within the SHPS arrangement and the affected members transferred to a new section of that scheme maintaining the same contribution as the DB scheme. The Reall DB scheme was therefore closed as at 30 September 2018. The charity continues to be responsible for the deficit within the DB scheme in relation to the 8 affected current employees and the 39 deferred members and pensioners. This means that deficit contributions will continue to be paid for as long as they remain due.

For financial years ending on or after 31 March 2019, it is now possible to obtain sufficient information to enable the charity to separately identify the liabilities of the defined benefit scheme. An actuarial valuation of the scheme was carried out as at 30 September 2019 to inform the liabilities for accounting year ends from 31 March 2020 to 28 February 2021 inclusive.

The deficit in the scheme has reduced significantly to £404,000 (2019: £812,000). The reduction in FRS 102 liabilities is a combination of how the liabilities are measured through corporate bond yields which have been stable during the year whilst asset valuations have risen.

Further details of the change are set out within Accounting Policies on page 26 and note 20 to these accounts.

Report of the trustees for the year ended 31 March 2020 (continued)

Financial Review (continued)

Principal Risks and Uncertainty

Reall has continued to improve its risk management policies and practices to ensure that we continue to successfully manage the challenging political and economic environments in the regions in which we operate.

The Corporate Risk Register is the key risk management tool used by Reall for risk management. The Reall Executive Management team review the register monthly and the Board review it at each of their meetings. We have updated the Corporate Risk Register during and subsequent to the financial year so as to ensure that all key risks are identified, clearly communicated and internal controls are in place to manage risks.

Reall also has a dedicated internal assurance team that works closely alongside KPMG our co-assurance partner. Each partner is subject to an assurance review each year and there is a programme of control reviews of Reall's internal systems. The results of the reviews in 2019-20 showed that some partners had weaknesses in internal control systems and required significant support from Reall, although all engaged well with the process and are keen to improve. These outcomes are not surprising, and as recognised through our internal evaluations a significant element of the partner network would not meet our current investment criteria. Our new operating approach and introduction of higher quality partners will take time to feed through into better results from assurance reviews.

The nature of Reall's business, its mandate, its funding and the markets in which it operates mean that there are several inherent operational and business risks including the following:

- Funding risk – Reall currently has two major donors – the Swedish International Development Agency (Sida) and the UK's Foreign, Commonwealth and Development Office (FCDO). The FCDO funding agreement concluded in February 2020 but with funding of £1.4 million continuing into the year to 31 March 2021. Reall has a 4-year funding agreement from May 2019 with Sida amounting to £23million. Reall recognises the risks of having a small number of donors and has strengthened the resources within the Fundraising team with the objective of securing additional sources of long-term funding. A number of ongoing discussions and proposals for significant funding are underway.
- Financial risk – Reall performs its work of building houses for the “bottom 40%” through a network of delivery partners in Africa and Asia. Reall provides loan funding to these organisations with an agreement that repayments to Reall will be made once the partners have built and sold the houses. Reall has an extensive due diligence and partner management framework including a dedicated Investment Committee to review all proposals before seeking Board approval. In addition, all partner investments are subject to legal agreements and regular credit control on loan repayments.
- Foreign exchange risk – Our loan portfolio is denominated in a range of currencies across a wide range of countries throughout our operating areas. Reall bears the foreign exchange risk on most of these loans, where in many cases the exchange rates can be very volatile – this means that the impact can be either positive or negative. For each significant investment from April 2020 onwards, consideration is given as to currency risk exposure and evaluation of hedging instruments that could be put in place.
- Health and Safety risk – Due to our areas of operation, visits to international partner organisations and their sites present risks to Reall staff that are above regular business travel risk. Reall has a range of bespoke safety arrangements that are in place and all staff required to travel receive full guidance on their induction which is updated subsequently as required.

Report of the trustees for the year ended 31 March 2020 (continued)

Financial Review (continued)

- Reputational risk – Actions taken by Reall’s international partners have the potential to damage the reputation of Reall UK. In response Reall has developed and improved several key policies. These policies included risk management, safeguarding, modern slavery, fraud and whistleblowing and anti-terrorist funding, etc. Relevant training has also been provided to employees and/or partner organisations.

The Board have considered the major risks to which the organisation is exposed and the systems and processes in place to minimise these risks and consider that they are sufficient to protect the organisation.

Audit Committee

In May 2020 the Board approved the formation of an Audit Committee consisting of non-executive members. The formation of the Audit Committee will enhance the governance oversight of finance, assurance and risk management and will report the work of the Committee to the Board in accordance with the governance timetable of meetings. The Board will retain overall responsibility for the internal controls framework.

Directors’ Report

Structure, governance and management

Governing document

Reall was incorporated as a company limited by guarantee on 12 May 1992. It is governed by its Articles of Association, as amended by special resolutions, most recently on 5 December 2018.

The revision of the Articles of Association that was completed in December 2018 made a number of changes to the way trustees are appointed and can be removed, but the primary change was to close down our existing membership scheme as it no longer reflected the way in which Reall was operating. Those members (both corporate and individual) that wished to maintain links to Reall have become “Friends of Reall” and they continue to receive regular news updates about our work with our partners overseas, but this has no legal status. Our Trustees, who automatically become Members of Reall on appointment are now our only Members.

Appointment of trustees

Reall is governed by a Board who are directors of the company for the purposes of the Companies Act and trustees in charity law (“the Board” or “trustees”). Under the revised Articles of Association, the Board is formed from the trustees, who are independently appointed and consists of no less than 3 members (but no maximum number). Trustees are each appointed for a maximum of 6 years (in 3-year terms), with the exception of the Chair, who can serve a maximum of 7 years. They may not then return to the Board for a period of 3 years. The Board are empowered to co-opt further members taking account of the skills needed up to the maximum of 5 Board members. The Chair is then elected by the Board.

Organisation

The Board currently meets formally every two months and also set aside a day for strategic review. They also attend sub-groups and Committees as required. At Board meetings, the trustees agree the corporate strategy and areas of activity for the organisation, including the consideration of reserves, risk management policies and performance. The strategy review each autumn involves staff and the Board.

Report of the trustees for the year ended 31 March 2020 (continued)

Directors' Report (continued)

Outcomes from this exercise feed into business planning and staff development processes as well as the annual operating plan and budget, which is approved by the Board in March.

The Board carry out a self- assessment each year of how the Board has been operating and to identify any gaps in the governance framework. In May 2020 the Board approved the creation of an Audit Committee. After recruitment of Committee members, the Committee will go live in early 2021.

The Chief Executive is appointed by the trustees to manage the day-to-day operations of Reall, subject to the direction of the Board and any restrictions set out within the Articles of Association. To facilitate effective operations, the Chief Executive has delegated authority, as set out in the Schedule of Delegated Authority, for all operational matters including finance, employment and operations.

Directors and trustees since 1 April 2019:

Name	Specialism	
Chris Loughlin (Chair)	Organisational leadership, regulation and investor relations, government and policy	Chair from 1 November 2019
David Orr (Former Chair)	Advocacy and organisational leadership, housing, policy influence	Retired 31 October 2019
Steven Troop	Treasury management, investment and banking	
Kate Wareing	Organisational leadership, strategy development, housing and international development	
Diana Mitlin	Urban housing development and governance, academia, research, emerging markets	
Paul Hackett	Construction, organisational leadership and governance, investment and housing	
Andrea Marmolejo	Emerging and frontier financial markets Asia and Africa, impact investment	
Letty Chiwara	Urban development in Africa housing and poverty alleviation	Resigned 3 July 2019
Shantanu Bhagwat	Venture capital and social enterprise, government relations, investment	Resigned 18 July 2019

Trustee induction and training

All newly appointed trustees follow a standard induction process that includes an initial meeting with the Chief Executive as well as the completion of a skills analysis to establish the specialism that the new member brings to the Board. A formal induction pack provides information on Reall's background and aims, its legal and governance structure and staffing structure. Members receive briefings from staff on relevant changes to legislation and the impact that this has on the activities of the organisation or the way in which they carry out their role.

Report of the trustees for the year ended 31 March 2020 (continued)

Directors' Report (continued)

Board members play an active role in attending forums and events including with key donors and other stakeholders. Training is provided to Board members as required and the governance system Diligent has a reading room where articles and research material are stored for access by the Board.

Third Party indemnity provision for directors

Qualifying third party indemnity provision is in place for the benefit of all trustees of Reall.

Remuneration

None of the trustees receives any remuneration or other benefit from their work with Reall. They are entitled to receive expenses to reimburse them for the costs of carrying out their role as trustees.

Pay policy for senior staff

The directors consider that the Board, who are the trustees of Reall, and the senior management team (as set out in the table below) comprise the key management personnel in charge of directing and controlling, running and operating Reall on a day-to-day basis.

The pay of the senior staff is reviewed regularly following a formal review carried out by external consultants, considering benchmarking against similar organisations and the salary market more generally. The remuneration of the senior management team is detailed in note 9 to these accounts.

Senior Management Team

Ian Shapiro	Chief Executive	
Patrick Domingos-Tembwa	Director of Investment & Operations	
Lucy Livesley	Director of Market Transformation	Appointed 1 November 2019
Emma Harrington	Director of Market Transformation	Resigned 31 October 2019
Mark Atterton	Director of Corporate Planning	
Noel Grace	Director of Finance and Administration	Appointed 24 February 2020
Michele Pietsch	Director of Finance and Administration	Resigned 29 November 2019
Karen Preece	Director of Finance and Administration	Resigned 4 June 2019

Relationships with other organisations

Although, as indicated above, Reall is committed to achieving its objectives through partnership with other organisations, other than through its investments in certain companies as set out in note 12, it is not directly connected with any other charities or similar organisations.

Donations in kind

Reall is not dependent upon the services of unpaid volunteers. It has benefited from certain voluntary services, primarily uncharged professional advice and assistance from supporting organisations and individuals. Such donations in kind are not included in the Statement of Financial Activities as they cannot be easily quantified and are not considered to be significant in the context of expenditure generally.

Report of the trustees for the year ended 31 March 2020 (continued)

Trustees' responsibilities in relation to the financial statements

The trustees (who are also the directors of the company for the purposes of company law) are responsible for preparing a Trustees' Annual Report including Directors' Report, Strategic Report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the company and of the incoming resources and application of resources, including income and expenditure, of the company for that period. In preparing the financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles of the Charities SORP;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to assume that the charity will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement as to disclosure to our auditors

In so far as the trustees are aware at the time of approving our Trustees' Annual Report:

- There is no relevant information, being information needed by the auditor in connection with preparing their report, of which the auditor is unaware, and
- The trustees, having made enquiries of fellow directors that they ought to have individually taken, have each taken all steps that he/she is obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of the information.

The Report of the Trustees prepared under the Charities Act 2011, which also contains all information required in a Directors' Report by the Companies Act 2006, and the incorporated Strategic Report prepared under the Companies Act 2006, were approved by the Board of Trustees on 10 September 2020 and signed on behalf of the Trustees by:



Christopher Loughlin
Chair

10th September 2020

Independent Auditor's Report to the Trustees and Members of Reall Limited

Opinion

We have audited the financial statements of Reall Limited (the 'charitable company') for the year ended 31 March 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2020 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 Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

We have been appointed auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report to you in accordance with regulations made under those Acts.

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

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Independent Auditor's Report to the Trustees and Members of Reall Limited (continued)

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.

Opinions on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report and the Strategic Report prepared for the purposes of company law and included within the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report and the Strategic Report included within the Report of the Trustees have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report and the Strategic Report included within the Report of the Trustees.

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if, in our opinion:

- the charitable company has not kept proper and adequate accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 16, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Independent Auditor's Report to the Trustees and Members of Reall Limited (continued)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made exclusively to the members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charity's trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the members and the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity, its members as a body, and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Paul Oxtoby (Senior Statutory Auditor)

For and on behalf of RSM UK AUDIT LLP, Statutory Auditor

Chartered Accountants
St Philips Point
Temple Row
Birmingham
B2 5AF

30th September 2020

RSM UK Audit LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Statement of Financial Activities (including Income and Expenditure Account)
For the year ended 31 March 2020

	Notes	Unrestricted Funds General £	Restricted Funds £	2020 Total £	2019 Total £
INCOME FROM:					
Donations and legacies	1	84,101	-	84,101	14,956
Charitable activities	1	3,500	9,298,523	9,302,023	3,539,731
Investments	1	568	62,361	62,929	90,965
TOTAL INCOME		88,169	9,360,884	9,449,053	3,645,652
EXPENDITURE ON:					
Raising funds	5	6,472	-	6,472	11,839
Charitable activities	6	25,904	6,889,306	6,915,210	9,698,798
TOTAL EXPENDITURE		32,376	6,889,306	6,921,682	9,710,637
Net income/(expenditure) for the year		55,793	2,471,578	2,527,371	(6,064,985)
Transfers between funds	22	-	-	-	-
		55,793	2,471,578	2,527,371	(6,064,985)
Other recognised gains/(losses)					
Initial recognition of multi-employer defined benefit scheme	20	-	-	-	(471,463)
Actuarial gains/(losses) in respect of pension scheme	20	4,639	355,361	360,000	(60,999)
NET MOVEMENT IN FUNDS		60,432	2,826,939	2,887,371	(6,597,447)
RECONCILIATION OF FUNDS:					
Balance brought forward at 1 April 2019		397,626	33,113,510	33,511,136	40,108,583
BALANCE CARRIED FORWARD AT 31 MARCH 2020	21/22	458,058	35,940,449	36,398,507	33,511,136

All income and expenditure is derived from continuing activities.

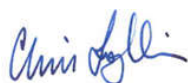
Balance Sheet as at 31 March 2020

Company registration Number: 2713841

		2020		2019	
	Note	£	£	£	£
Fixed assets					
Tangible assets	11		1,197,779		871,823
Investments:					
Joint ventures and associates	12		1,244,242		1,244,242
Programme Related Investments	13		28,573,947		29,081,801
Total fixed assets			<u>31,015,968</u>		<u>31,197,866</u>
Current Assets					
Debtors falling due within one year	14	82,906		59,033	
Assets Under Construction	15	386,936		-	
Cash at bank and in hand	19	<u>6,723,208</u>		<u>4,272,918</u>	
Total Current Assets		<u>7,193,051</u>		<u>4,331,951</u>	
LIABILITIES					
Creditors falling due within one year	16	<u>(902,275)</u>		<u>(463,307)</u>	
Net current assets			<u>6,290,776</u>		<u>3,868,644</u>
Total assets less current liabilities			<u>37,306,744</u>		<u>35,066,510</u>
Creditors falling due after more than one year	17		(504,911)		(743,562)
Net Assets excluding pension liability			<u>36,801,833</u>		<u>34,322,948</u>
Net defined benefit pension scheme obligation	20		(403,326)		(811,812)
TOTAL NET ASSETS			<u><u>36,398,507</u></u>		<u><u>33,511,136</u></u>
FUNDS:					
Restricted funds	22		35,940,449		33,113,510
Unrestricted funds					
Unrestricted income funds	21		458,058		397,626
TOTAL CHARITY FUNDS			<u><u>36,398,507</u></u>		<u><u>33,511,136</u></u>

The notes and accounting policies on pages 23 to 59 form part of these accounts.

The financial statements were approved by the Board of Trustees and authorised for issue on 10th September 2020 and are signed on its behalf by:



Christopher Loughlin, Chair



Kate Wareing, Director

Statement of Cash Flows **For the year ended 31 March 2020**

		2020	2019
	Note	£	£
Cash flows from operating activities:			
Net cash generated by/(used in) operating activities	18	2,853,317	(3,047,550)
Cash flows used by investing activities			
Bank interest received		65,028	91,675
Purchase of tangible fixed assets		(365,721)	(12,886)
Sale of tangible fixed assets		1,364	50
		<u>(299,329)</u>	<u>78,839</u>
Cash flows (used in)/provided by financing activities			
Mortgage repayments		(50,617)	(44,046)
Mortgage interest paid		(11,749)	(18,037)
Repayment of HI Fund loans		(42,712)	(43,684)
		<u>(105,078)</u>	<u>(105,767)</u>
Change in cash and cash equivalents in the year		2,448,910	(3,074,478)
Cash and cash equivalents at the beginning of the year	19	4,272,918	7,347,396
Change in cash and cash equivalents due to exchange rate movements		<u>1,380</u>	<u>-</u>
Total cash and cash equivalents at the end of the year	19	<u>6,723,208</u>	<u>4,272,918</u>

Accounting Policies

The principal accounting policies adopted in the preparation of the financial statements are as follows:

General information

The charity is a company limited by guarantee and therefore has no share capital. It is a registered charity at the Charity Commission in England & Wales and the Scottish Charity Regulator (OSCR) in Scotland. The liability of each member in the event of a winding up is limited to £1. The address of the Charity's registered office and principal place of business is 6th Floor, Friars House, Manor House Drive, Coventry, UK, CV1 2TE.

Basis of preparation

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

Consolidated accounts incorporating the results of the entities in which Reall has an equity stake have not been prepared for the reasons outlined in note 12. The accounts presented are therefore the accounts of Reall Limited as a separate entity.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

Reall meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

Going concern

Reall's business activities, its current financial position and factors likely to affect its future development are set out within the Report of the Trustees. Reall has in place sufficient financial resources to finance committed investment programmes, alongside the day-to-day operations. Reall has also carried out stress tests of its current investment programme and has demonstrated that Reall is in a financially sound position and achieves the internal reserves policy requirements.

On this basis, the Board has a reasonable expectation that Reall has adequate resources to continue in operational existence for the foreseeable future, being a period of at least twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

Income

Income is recognised when the charity has entitlement to the funds, any conditions of receipt have been met, it is probable that the income will be received, and the amount can be measured reliably.

- Voluntary donations are accounted for in the period in which they are received, or when deemed receivable through prior knowledge.
- Legacies are accounted for as soon as entitlement, probability of receipt and the amount can be measured reliably.
- Investment income is recognised on a receivable basis.
- Grants are recognised when there is a formal agreement in place with the relevant funding organisations and the conditions of the grant have been complied with. Any unutilised grants are reflected in restricted funds carried forward.

Accounting Policies (continued)

Expenditure

Expenditure is recognised as soon as there is a legal or constructive obligation committing the charity to the expenditure. The charity is not registered for VAT and consequently all costs are inclusive of VAT where applicable. Expenditure is classified under the following activity headings:

- Raising funds – include specific campaign and event costs and promotional material.
- Charitable activities – include grants made to international partner organisations to carry out work in line with our objectives. Grants paid in respect of the programme relate to expenses paid on behalf of partner organisations in relation to stakeholder events, low-value capital projects (where the partner is not sufficiently developed to be able to make loan repayments) and capacity building and project support. All other funds advanced to partners under the programme are made in the form of loans, which are referred to as Programme Related Investments for the purposes of these accounts.
- Charitable activities also include the direct costs of the investment programme. These direct costs include, for example, monitoring and evaluation (including our internal assurance programme), travel, consultancy fees, documentation production and legal fees. Our disbursements of funds in the form of loans to international partner organisations, whilst being for charitable purposes, do not appear under Charitable Activities in the Statement of Financial Activities. These disbursements appear on our Balance Sheet as Programme Related Investments and are further broken down in note 13.
- Support costs include staff and general overhead costs as well as direct governance costs. They are apportioned across the various areas of activity both restricted and unrestricted in the following manner:
 - Salary and related costs (pension, national insurance, etc.) are allocated on a percentage basis according to the amount of time spent in each area.
 - General overhead costs are allocated according to the total proportion of staff time spent in that area.
 - Governance costs include the costs associated with meeting constitutional and statutory requirements. This includes the costs of the annual audit as well as Board meetings and other Trustees' expenses.

Fund accounting

General Unrestricted Funds are available for use at the Trustees' discretion in furtherance of the charity's objectives. Restricted Funds are those donated and restricted for use in a particular area or for specific purposes.

Operating leases

All leases are "operating leases" and the annual rentals are charged to the Statement of Financial Activities on a straight-line basis over the lease term.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense. The holiday pay year for the charity ends on 31 December each year and employees are entitled to carry forward up to 10 days of any unused entitlement at the end of the calendar year. The cost of any unused entitlement is recognised in the period when the employee's services are received.

Foreign currencies

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the Balance Sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the Statement of Financial Activities.

Accounting Policies (continued)

Taxation

Tax recovered from voluntary income received under gift aid is recognised when the related income is receivable and is allocated to the income category to which the income relates. Reall was not VAT registered during the year ended 31 March 2020.

Tangible fixed assets

Tangible fixed assets are capitalised at cost and are depreciated over their useful economic lives as follows:

Land	Not depreciated
Buildings	- over 60 years (straight-line)
Computer equipment	- over 2 years (straight-line)
Furniture and fixtures	- 10% reducing balance

Joint ventures and associates

Joint ventures and associates comprise equity shareholdings in international partner organisations in furtherance of our aims. These shareholdings are generally made in sterling and disclosed at cost although the underlying shares are denominated in the relevant local currency.

Investments in these entities are reviewed on an annual basis to ensure that their carrying value reflects the underlying assets and liabilities of each entity. Provisions for impairment are made where necessary and are taken to the Statement of Financial Activities. It is the opinion of the trustees that cost less provision for impairment represents the best estimate of the carrying value of the investments as at the Balance Sheet date.

Assets Under Construction

These represent the value of building projects under construction by third party contractors at the lower of cost or realisable value after consideration of any impairment on the value of the work in progress.

Programme Related Investments

Programme Related Investments comprise loans issued to, and equity stakes in, international partner organisations for projects in furtherance of our aims. The majority of these loans or equity stakes are disbursed in the usual functional currency for the relevant partner.

Payments of the principal and any repayments of either principal or interest are initially disclosed in the Balance Sheet at cost using the exchange rate ruling at the date of the transaction. Exchange rate differences arising at the time of any repayment are taken to Charitable Activities in the Statement of Financial Activities.

Outstanding balances at the year-end are re-translated at the prevailing exchange rate at the Balance Sheet date, with any further exchange rate gains or losses also taken to the Statement of Financial Activities.

Due to the breadth of our loan portfolio across numerous countries there is the potential for material exchange rate fluctuations which could impact the total valuation of Programme Related Investments both positively and negatively. We monitor this on a cyclical basis throughout the year.

Each year, the Trustees consider the recoverable amount of each outstanding loan and make provisions for impairment based on a formal assessment carried out by management. Provisions for impairment are taken

Accounting Policies (continued)

to the Statement of Financial Activities. It is the opinion of the trustees that cost less provision for impairment represents the best estimate of the carrying value of the loans as at the Balance Sheet date.

Concessionary loans

Concessionary loans comprise Programme Related Investments and HI Fund loans included in creditors. The Programme Related Investments are initially recognised and measured at the amounts disbursed. The carrying amount is adjusted in subsequent years to reflect any repayments and accrued interest and is adjusted, if necessary, for any impairment.

Debtors

Other debtors and prepayments are recognised at the settlement amount.

Cash and cash equivalents

Cash and cash equivalents include cash and short-term liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Creditors and provisions

Creditors and provisions are recognised when the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount.

Financial instruments

The charity only has financial assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Pension costs

The charity participates in the Social Housing Pension Scheme (SHPS) which is a multi-employer scheme which provides benefits to some 500 non-associated employers in the UK. The charity participates in two separate active defined contribution schemes and one closed defined benefit scheme within SHPS as follows:

Defined Contribution Scheme

This scheme acts as the auto-enrolment scheme for the charity and all employees are automatically enrolled in the scheme when they join unless they opt to join the Higher Rate Defined Contribution Scheme. Contributions are charged to the Statement of Financial Activities in the year they are payable.

Higher Rate Defined Contribution Scheme

This scheme replaced the Defined Benefit Scheme that the charity had been a member of for many years and is open to any employees who wish to join it instead of the auto-enrolment scheme. Contributions are charged to the Statement of Financial Activities in the year they are payable.

Defined Benefit Scheme

This scheme was open to any employees who wished to join it until 1 October 2018 when the scheme was closed to new accrual. The closure took place following the outcomes from the autumn 2017 employer risk assessment, which indicated that Reall did not have a strong enough covenant to maintain an active Defined Benefit scheme under the scheme provider's rules.

Accounting Policies (continued)

For the first time in the year to 31 March 2019, it was possible to obtain sufficient information to enable the charity to account fully for the scheme as a defined benefit scheme. The deficit on the scheme is reported as a Defined Benefit Pension Scheme obligation on the Balance Sheet.

The net defined benefit asset/obligation represents the present value of the defined benefit obligation minus the fair value of scheme assets out of which obligations are to be settled. The rate used to discount the benefit obligations to their present value is based on market yields for high quality corporate bonds with terms consistent with those of the benefit obligations. The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost. Net interest on the net defined benefit liability comprises the interest cost on the defined benefit obligations and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. These amounts are recognised within net income/expenses. Actuarial gains and losses and the difference between the interest income on scheme assets and the actual return on scheme assets is recognised in other recognised gains and losses.

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 Trustees have identified that the estimates and assumptions that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities within the next financial year are as follows:

- Programme Related Investments – provisions for impairment

Provisions for impairment as set out in note 13 are made based on a formal review carried out by management which focuses on a range of factors including compliance with loan repayment terms, delays in project implementation and the organisational and financial stability of the partner as well as external factors such as policy change or political interference. This is also informed by the assessment carried out by the internal assurance team, supported by KPMG, and regular reviews of the expected outcomes of the project against the initial business case. All our partners are relatively new organisations, and their operations are generally reliant on a small number of key individuals. In general, the Trustees consider that Programme Related Investments have limited realisable value if they are not repaid in accordance with the terms on which the investment was made.

- Equity stakes in partners – non-consolidation

The charity has several equity stakes in partners as set out in note 12 – Joint Ventures and Associates. The charity considers the substance of each of these investments where the shareholding would generally require that the results and net assets of the partners to be consolidated into the accounts of the UK charity. Note 12 sets out the rationale for the non-consolidation of each of the relevant partner entities, with the trustees regularly review to confirm the position, and, as a result, has not produced consolidated accounts.

- Equity stakes in partners – Nepal

The charity has taken equity stakes in its partner in Nepal because the legislation in that country does not allow the partner to receive loans from the charity. Loans advanced by Reall to this partner are therefore recognised as equity in the accounts of our Nepalese partner. The Trustees consider that the substance of these transactions remains that of a loan investment rather than an equity investment for the reasons disclosed in note 12. The equity stake has therefore been assessed and subjected to impairment using the same accounting policies as other Programme Related Investments.

Accounting Policies (continued)

- Equity stakes in partners and joint ventures and associates – provisions for impairment

Provisions for impairment as set out in note 12 are made based on a formal review carried out by management, which focuses on the net assets underlying the investment as well as the general financial stability of the partner. In general, the Trustees consider that these equity stakes have limited resale value on the open market if they do not continue to operate in accordance with the basis on which the investment was made.

- Defined Benefit Pension Scheme liabilities

The charity, in conjunction with the scheme actuary, assesses the assets and liabilities of the scheme, and hence the net liability at each year-end using a number of key assumptions including mortality rates, discount rates, inflation and salary growth in order to establish the fair value of the assets and liabilities at the Balance Sheet date. Further information in relation to the assumptions used to evaluate the deficit as of 31 March 2020 is set out in note 20 to these accounts.

Notes to the Financial Statements for the year ended 31 March 2020

1 INCOME

	Unrestricted Funds	Restricted Funds	2020 Total	2019 Total
	£	£	£	£
Income from donations and legacies				
Membership fees	4,176	-	4,176	5,141
General Donations	20,958	-	20,958	9,815
Legacies	58,967	-	58,967	-
	<u>84,101</u>	<u>-</u>	<u>84,101</u>	<u>14,956</u>
 Investment income (note 4)				
Interest on deposit accounts	568	62,361	62,929	90,965
	<u>568</u>	<u>62,361</u>	<u>62,929</u>	<u>90,965</u>
 Income from charitable activities				
Grants receivable				
Statutory sources (note 2)	-	8,902,576	8,902,576	3,151,860
Trusts and foundations (note 3)	3,500	-	3,500	5,000
Other Donors		141,962	141,962	
Interest on loans	-	253,985	253,985	382,871
	<u>3,500</u>	<u>9,298,523</u>	<u>9,302,023</u>	<u>3,539,731</u>
 TOTAL INCOME	<u>88,169</u>	<u>9,360,884</u>	<u>9,449,053</u>	<u>3,645,652</u>

Notes to the Financial Statements for the year ended 31 March 2020 (continued)

1 INCOME (continued)

Alternatively, these income categories may be analysed across Reall's main activities:

	2020	2019
	£	£
Communities Programme	-	5,060
Partner Programme	9,359,672	3,624,305
HI Fund	1,212	967
Other restricted	-	-
Raising funds	88,169	15,320
	9,449,053	3,645,652

2 STATUTORY GRANTS RECEIVABLE

	2020	2019
	£	£
Investment Fund		
Foreign, Commonwealth and Development Office (FCDO)	3,516,680	-
Swedish International Development Co-operative Agency	5,385,896	3,151,860
	8,902,576	3,151,860

3 TRUSTS, FOUNDATIONS AND OTHER GRANTS

	2020	2019
	£	£
Comic Relief	-	5,000
Other trusts and foundations	3,500	-
Other Donors	141,962	-
	145,462	5,000

Notes to the Financial Statements for the year ended 31 March 2020 (continued)

4 INVESTMENT INCOME

Investment income consists of interest received and accrued on deposits with UK banks

	Unrestricted Funds	Restricted Funds	2020 Total	2019 Total
	£	£	£	£
Interest on deposit accounts				
- Investment Fund	-	61,149	61,149	89,574
- Communities Fund	-	-	-	60
- HI Fund	-	1,212	1,212	967
- Other	568	-	568	364
	568	62,361	62,929	90,965

5 EXPENDITURE ON RAISING FUNDS

	Unrestricted Funds	Restricted Funds	2020 Total	2019 Total
	£	£	£	£
Website costs	-	-	-	17
Other fundraising costs	370	-	370	1,992
Support costs (note 9)	6,102	-	6,102	9,830
Total cost of raising funds	6,472	-	6,472	11,839

Notes to the Financial Statements for the year ended 31 March 2020 (continued)

6 CHARITABLE EXPENDITURE

	Unrestricted Funds	Restricted Funds	2020 Total	2019 Total
	£	£	£	£
Communities Programme				
Grants paid (note 7)	-	-	-	1,274
Monitoring and evaluation costs	-	-	-	8,358
Support costs (note 9)	-	-	-	3,119
	-	-	-	12,751
CLIFF Programme				
Capital and Capacity Grants (note 8)	-	886,393	886,393	2,270,385
Direct operational costs	-	888,176	888,176	578,728
Support costs (note 9)	-	2,365,810	2,365,810	1,738,903
Exchange rate loss/(gain) on programme related loan and equity investments	-	579,101	579,101	(507,280)
Equity investment impairment	-	-	-	361,459
Loan and inventory impairment (net of capacity grant conversion)	-	2,169,826	2,169,826	5,074,963
	-	6,889,306	6,889,306	9,517,158
HI Fund				
HI Fund – exchange rate loss on loans repaid	-	-	-	-
HI Fund- Loan impairment	-	-	-	140,921
	-	-	-	140,921
Other				
Direct – interest payable on Reall Bond	1,054	-	1,054	4,100
Direct – governance costs	67	-	67	1,152
Support costs (note 9)	24,783	-	24,783	22,716
	25,904	-	25,904	27,968
	25,904	6,889,306	6,915,210	9,698,798

Notes to the Financial Statements for the year ended 31 March 2020 (continued)

6 CHARITABLE EXPENDITURE (continued)

The table below analyses expenditure by programme area:

	Grants Paid £	Direct Operational Costs £	Support Costs £	2020 £	2019 £
Communities Programme	-	-	-	-	12,751
Investment Programme	886,393	3,637,103	2,365,810	6,889,306	9,517,158
HI Fund	-	-	-	-	140,921
Other	-	1,121	24,783	25,904	27,968
	<u>886,393</u>	<u>3,638,224</u>	<u>2,390,593</u>	<u>6,915,210</u>	<u>9,698,798</u>

7 COMMUNITIES PROGRAMME GRANTS

	2020 £	2019 £
Grants paid:		
Centre for Community Organisation and Development (Malawi)	-	1,274
Total grants paid	-	1,274
Monitoring and evaluation	-	8,358
Support costs	-	3,119
Total cost of Communities programme	-	12,751

Notes to the Financial Statements for the year ended 31 March 2020 (continued)

8 INVESTMENT PROGRAMME GRANTS

	2020 £	2019 £
Grants paid:		
SPARC Samudaya Nirman Sahayak, Mumbai (India)	3,392	1,713
Linkbuild/Philippine Action for Community-Led Shelter Initiatives, Inc. (Philippines)	79,879	221,532
SEWA Nirman Private Limited (Nepal)	2,970	2,789
National Association of Co-operative Housing Unions (Kenya)	9,578	26,521
Sheltersol (Zimbabwe)	3,157	210,320
Enterprise Development Holdings (Malawi)	3,597	1,894
Development Workshop Angola/Habiteria (Angola)	4,704	47,652
Women Advancement Trust (Tanzania)	37,018	100,891
Millard Fuller Foundation (Nigeria)	3,713	55,093
Enterprise for Housing Development/Uganda Co-operative Alliance (Uganda)	22,233	41,594
Ansaar Management Company (Pakistan)	51,617	3,080
Casa Real (Mozambique)	219,339	88,655
Oakleaf/Kuyasa Fund (South Africa)	355,454	198,389
Lumanti (Nepal)	4,709	5,116
C.A.S.T.O.R Ingenierie Expertise (Burkina Faso)	2,194	-
Other Parties	1,368	-
Janaadhar (India)	1,331	-
Syntellect (India)	2,203	-
Total grants paid in year	808,456	1,005,239
Loans converted to grants:		
Linkbuild/Philippine Action for Community-Led Shelter Initiatives, Inc. (Philippines)	-	96,854
Sheltersol (Zimbabwe)	-	638,183
Enterprise Development Holdings (Malawi)	-	60,239
Water Sanitation for Africa (Burkina Faso and Ghana)	-	216,893
Women Advancement Trust (Tanzania)	-	25,657
Millard Fuller Foundation (Nigeria)	77,937	135,452
Enterprise for Housing Development/Uganda Co-operative Alliance (Uganda)	-	91,868
Total capacity loans converted to grants in year	77,937	1,265,146
Total grants charged in year	886,393	2,270,385
CLIFF – Direct operational costs	888,176	578,727
CLIFF – Support costs	2,365,810	1,738,903
CLIFF – Exchange rate (gain)/loss on programme related loan and equity investments	579,101	(507,280)
CLIFF – equity investment impairment	-	361,459
CLIFF – Loan impairment	2,169,826	5,074,963
Total costs of Investment programme	6,889,306	9,517,158

Notes to the Financial Statements for the year ended 31 March 2020 (continued)

8 INVESTMENT PROGRAMME GRANTS (continued)

Capital funds are predominantly given to partners as loans rather than grants unless the circumstances of the partner indicate that grant funding would be more appropriate. These amounts appear as Programme Related Investments on the Balance Sheet (note 13). Grants therefore relate principally to expenses paid on behalf of partner organisations in relation to stakeholder events totalling £ 61,996.62, capacity building grants totalling £ 700,680.27 (to 6 partners) and project grants for new partners and new initiatives totalling £ 123,716.38 (to 2 partners).

9 SUPPORT COSTS

The total support costs incurred during the year may be analysed as follows:

	Personnel Costs £	Office Costs and Depreciation £	2020 Total £	2019 Total £
Charitable expenditure (note 6)				
Communities programme support costs	-	-	-	3,119
Programme support costs	1,893,527	472,283	2,365,810	1,738,903
Other unrestricted	19,836	4,947	24,783	22,716
	1,913,363	477,230	2,390,593	1,764,738
Raising funds (note 5)				
Support costs	4,884	1,218	6,102	9,830
Total support costs	1,918,247	478,448	2,396,695	1,774,568

Personnel costs include the following:

	2020 £	2019 £
Salaries and wages	1,593,952	916,822
Employer's social security	169,929	99,207
Pension costs	75,935	78,136
	1,839,817	1,094,165
Consultants and short-term personnel	78,430	210,288
	1,918,247	1,304,453

Key management personnel are those having authority and responsibility, delegated to them by the trustees, for planning, directing and controlling the activities of the charity. Remuneration for key management personnel, including employer's national insurance contributions and contributions to the pension scheme, amounted to £643,557 for 8 employees (2019: £426,334 for 5 employees). During the year, termination payments amounting to £39,700 (2019: £nil) were paid.

Notes to the Financial Statements for the year ended 31 March 2020 (continued)

9 SUPPORT COSTS (continued)

The highest paid employees are as follows:

Band (excluding pension contributions)	Number 2020	Number 2019	Pension contributions 2020 £	Pension contributions 2019 £
£140,000-£149,999	1	-	30,635	-
£120,000-£129,999	-	1	-	12,317
£80,000-£89,999	2	-	19,906	-
£60,000-£69,999	3	3	7,644	19,739
			58,185	32,056

The average number of employees during the year was 32 (2019: 21).

All Trustees give all of their time freely and no director (or person connected to any trustee) received remuneration in the year. Expenses have been paid to eight (2019: four) directors totalling £1,802 (2019: £1,238) during the year. This was to cover their travelling expenses incurred in attending meetings of the charity. Directors' Liability Insurance has been paid on behalf of the directors amounting to £779 (2019: £649).

10 NET EXPENDITURE

	2020 £	2019 £
Net expenditure includes charges/(credits) for:		
Interest payable on Reall bond	1,054	4,100
Interest payable on mortgage	11,749	18,037
Interest expense – Defined Benefit Pension liability	19,000	20,000
Auditor's remuneration – audit services	21,300	18,900
Auditor's remuneration – other services	4,500	4,200
Depreciation	39,568	40,212
(Profit)/loss on disposal of tangible fixed assets	(1,185)	320
Operating leases – plant and machinery	15,734	1,935

Notes to the Financial Statements for the year ended 31 March 2020 (continued)

11 TANGIBLE FIXED ASSETS

	Land	Buildings	Computer Equipment	Furniture & Fixtures	Total
	£	£	£	£	£
Cost					
As at 1 April 2019	240,000	490,000	52,862	224,564	1,007,426
Additions	-	-	27,841	337,880	365,721
Disposals	-	-	(2,495)	-	(2,495)
As at 31 March 2020	<u>240,000</u>	<u>490,000</u>	<u>78,208</u>	<u>562,444</u>	<u>1,370,652</u>
Depreciation					
As at 1 April 2019	-	24,500	45,789	65,314	135,603
Charge for the year	-	8,167	14,005	17,414	39,586
Disposals	-	-	(2,316)	-	(2,316)
As at 31 March 2020	<u>-</u>	<u>32,667</u>	<u>57,478</u>	<u>82,728</u>	<u>172,873</u>
Net Book Value					
As at 31 March 2020	<u>240,000</u>	<u>457,333</u>	<u>20,730</u>	<u>479,716</u>	<u>1,197,779</u>
As at 31 March 2019	<u>240,000</u>	<u>465,500</u>	<u>7,073</u>	<u>159,250</u>	<u>871,823</u>

These assets are used for administration and for the direct charitable purposes of the charity. Individual assets are not allocated to specific purposes.

The land and buildings relate to our former office premises which were sold on 3 August 2020. The building was purchased with the benefit of a mortgage, which was secured on the building (see note 16), this mortgage has now been released on sale. No depreciation is charged on the value allocated to land. As at 31 March 2020 we had entered a lease for new premises. As at that date, £334,895 of office fit-out costs had been capitalised for the newly leased premises (see note 29 for future capital commitments).

Notes to the Financial Statements for the year ended 31 March 2020 (continued)

12 JOINT VENTURES AND ASSOCIATES

	Class of holding	Cost of investment £	Proportion held	Aggregate capital and reserves £	Results for the period £	Nature of business
Affordable Housing Solutions (incorporated in Tanzania)	Limited by guarantee	-	33%	(1,267)	(69)	Social rental housing
Lendco (incorporated in Tanzania)	Limited by guarantee	-	50%	-	-	Dormant
Sewa Nirman Private (incorporated in Nepal)	Limited	-	95%	3,743,083	(29,427)	Investment
Sheltersol Holdings (incorporated in Zimbabwe)	Limited	-	49%	(1,153,633)	(980,397)	Investment
Ansaar Management Company (Private) Limited (incorporated in Pakistan)	Limited	203,440	25%	300,296	146,288	Investment
Immersion Private (PVT) Limited	Limited	1,040,802	49%	516,356	934	Special purpose development
Oakleaf Investment Holdings 149 Proprietary Limited (incorporated in South Africa)	Limited	1,403,893	100%	(137,404)	(616,498)	Investment
Enterprise for Housing Development Uganda Limited (incorporated in Uganda)	Limited	-	49%	4,270	(5,805)	Investment
		<u>2,648,135</u>				

Reall has made loans or grants to these companies (except for Lendco, which has never traded) and these are recorded in Charitable Expenditure within the Statement of Financial Activities (grants) or in Programme Related Investments (note 13) (loans).

The figures for aggregate capital and reserves and results for the period set out in the table in this note have been extracted from the most recent unaudited management information available at the date of signing these financial statements – this is as at 31 March 2020 except for Sheltersol Holdings (September 2019), Oakleaf Investment Holdings (February 2019) Enterprise for Housing Development Uganda Limited (December 2018) and Affordable Housing Solutions (December 2019).

As at September 2020 an agreement is in place for the selling of the Immersion Private special purpose development investment. This is, however, denoted in local currency (PKR) and the value received for the settlement of the equity investment will be subject to exchange variations but is anticipated to fully settle our initial investment.

Notes to the Financial Statements for the year ended 31 March 2020 (continued)

12 JOINT VENTURES AND ASSOCIATES (continued)

In the case of Sewa, Nepalese law does not allow a Nepali entity to receive repayable loans (as is the usual practice for Reall) from a non-Nepali entity. In order to continue to invest in the Nepali partner, the funds advanced to Sewa have therefore been made in the form of part paid share capital and recorded as such in the books of Sewa. This means that Reall has a 95% equity stake in Sewa and as such it would be expected that the results of Sewa should be consolidated within the accounts of Reall. However, it is the opinion of the trustees, that there are substantial restrictions on our ability to do business in Nepal under our normal terms. It is their view that the substance of the relationship between Reall and Sewa is still one of loan provider/receiver and not one of parent and subsidiary. The basis for non consolidation is that Reall doesn't have control over the entity. The results of Sewa have not therefore been consolidated into the accounts of Reall and the amounts advanced have been separately shown as equity investments within Programme Related Investments. No other cost has been attributed to Reall's holdings in Sewa.

Reall invested funds in Oakleaf following the administration of its previous South African partner, The Kuyasa Fund. Reall is concluding the sale of its 100% shareholding to a newly established non-profit entity in South Africa. As at 31 March 2020 this transaction has not been completed, though is expected to do so in financial year 2020/21 and Reall remains the sole shareholder. The total shareholding will be donated to the non-profit entity. Based on its financial position, a 100% provision of £1,403,893 has been made as at 31 March 2020 against the carrying value of all of our shareholding in Oakleaf. The results of Oakleaf have not therefore been consolidated into the accounts of Reall on the basis that either the share transfer will go ahead or Oakleaf will go into administration

The movement in the carrying value of joint ventures and associates over the year is as follows:

	2020	2019
	£	£
Carrying value		
Gross investments:		
As at 1 April	2,648,135	2,648,135
Additions in year	-	-
As at 31 March	<u>2,648,135</u>	<u>2,648,135</u>
Impairment provisions:		
As at 1 April	1,403,893	1,042,434
Impairment provision in year	-	361,459
As at 31 March	<u>1,403,893</u>	<u>1,403,893</u>
Net book value as at 31 March	<u>1,244,242</u>	<u>1,244,242</u>

Notes to the Financial Statements for the year ended 31 March 2020 (continued)

12 JOINT VENTURES AND ASSOCIATES (continued)

At the end of the financial year, we have carried out an impairment review in respect of the carrying value of these investments. The review did not indicate the need for an additional impairment provision in respect of other investments in joint ventures and associates, except for Sewa where an impairment provision amounting to £ 2,518,387 has been made within Programme Related Investments (note 13).

The registered addresses of these joint ventures and associates are as follows:

Affordable Housing Solutions	P.O Box 31515, Dar es Salaam, Tanzania
Lendco	P.O Box 31515, Dar es Salaam, Tanzania
Sewa Nirman Private	Ward No 3, Lalitpur Sub-Metropolitan City of Lalitpur District, Nepal
Sheltersol Holdings	50 Bradfield Road, Hillside, Harare, Zimbabwe
Ansaar Management Company	31/10-A, Abu Bakr Block, New Garden Town, Lahore, Pakistan
Immersion Private (PVT) Limited	31/10-A, Abu Bakr Block, New Garden Town, Lahore, Pakistan
Oakleaf Investment Holdings	3 Wrensch Road, Observatory, Cape Town, Western Cape, 7925, South Africa
Enterprise for Housing Development	Uganda Co-operative Alliance Building, Plot 47/49 Nkrumah Road, Kampala, Uganda

13 PROGRAMME RELATED INVESTMENTS

	2020	2019
	£	£
Loans	26,810,013	27,571,852
Accrued interest on loans	1,763,934	1,509,949
	<u>28,573,947</u>	<u>29,081,801</u>

Notes to the Financial Statements for the year ended 31 March 2020 (continued)

13 PROGRAMME RELATED INVESTMENTS (continued)

LOANS	HI Fund £	Loan Fund £	Equity Investments £	Total £
Gross investments – loans:				
As at 1 April 2019	140,921	40,696,861	5,676,542	46,514,324
New loans advanced during the year	-	1,603,886	-	1,603,886
Loans converted to grant	-	(77,937)	-	(77,937)
Exchange rate loss on retranslation	-	(398,307)	(182,242)	(580,549)
As at 31 March 2020	<u>140,921</u>	<u>41,824,502</u>	<u>5,494,301</u>	<u>47,459,724</u>
Impairment provisions:				
As at 1 April 2019	140,921	16,553,465	2,248,086	18,942,472
Release of impairment provisions on loans converted to grant	-	(77,937)	-	(77,937)
Movement in provisions during the year	-	1,514,874	270,302	1,785,176
As at 31 March 2020	<u>140,921</u>	<u>17,990,402</u>	<u>2,518,388</u>	<u>20,649,711</u>
Net investments as at 31 March 2020	<u>-</u>	<u>23,834,100</u>	<u>2,975,913</u>	<u>26,810,013</u>
Net investments as at 31 March 2019	<u>-</u>	<u>24,143,396</u>	<u>3,428,456</u>	<u>27,571,852</u>

All loans are concessionary loans, with a typical term of 5-7 years. Loans advanced since the end of 2014 have generally been interest bearing at varying rates (generally between 5% and 6%). As at 31 March 2020, 52% (2019: 55%) of the current loan portfolio is interest bearing.

Notes to the Financial Statements for the year ended 31 March 2020 (continued)

13 PROGRAMME RELATED INVESTMENTS (continued)

Reall's loans are largely denominated in local currency and all exchange gains and losses are absorbed into/by the HI/Loans funding portfolio respectively. We operate in several countries with volatile currencies and as such the valuation of our loan portfolio can vary significantly over relatively short time periods. In the first 2 months of the new financial year, the portfolio made an exchange gain of £231k compared with the year-end position.

These recoverable amounts are subject to loan impairment (shown above).

Analysis of gross loans by debt maturity:	2020	2019
	£	£
Amounts payable:		
In one year or less or on demand	27,621,778	22,052,488
In more than one year but not more than two years	6,854,697	5,110,085
In more than two years but not more than five years	5,654,260	10,977,965
In five years or more	7,328,989	8,373,786
	47,459,724	46,514,324

Many loan repayments are recycled into future projects respectively rather than being repaid in cash. When this occurs, the amounts are shown as a repayment and a new loan is recorded to reflect the change in purpose of the loan. £nil of loans were recycled in this way during the current financial year (2019: £72,418).

As at 31 March 2020 we recognised an impairment provision of £20.6m (2019: £18.9m) against the recoverability of loans advanced to partner organisations through a formal assessment of the recoverability of our loan portfolio. Determining the amount of provision, which reflects the trustees' best estimate of the recoverability of these amounts requires significant judgement.

It is necessary therefore to form a view on matters which are inherently uncertain, such as the progress of the individual programmes, the receipts likely to be generated from future sales and increases in future costs incurred in the projects by partners.

The key drivers relating to the provision at 31 March 2020 and the work undertaken to assess them is set out below:

- Political and economic issues within each territory which impact the partners ability to deliver the project in line with the plan agreed or recycle funds back to the charity.
- Movements in income and expenditure which impact the expected return on the project.
- The ability of the project to deliver the planned number of units and revenue.
- The impact of Covid-19, causing delays to projects and causing increases in project costs.

The level of provision ranges from 8% to 100% depending on the assessment of each partner. Work is ongoing with all of our partners to improve their risk assessments.

Notes to the Financial Statements for the year ended 31 March 2020 (continued)

13 PROGRAMME RELATED INVESTMENTS (continued)

ACCRUED INTEREST ON LOANS

Movement on accrued interest on loans during the year was as follows:

	HI Fund £	Loans Fund £	Equity Investments £	Total £
Gross accrued loan interest:				
As at 1 April 2019	18,513	2,296,206	-	2,314,719
New accrued interest in year	-	677,100		677,100
As at 31 March 2020	<u>18,513</u>	<u>2,973,306</u>	<u>-</u>	<u>2,991,819</u>
 Loan Interest Impairment provisions:				
As at 1 April 2019	18,513	786,257	-	804,770
New provisions during the year	-	423,115	-	423,115
As at 31 March 2020	<u>18,513</u>	<u>1,209,372</u>	<u>-</u>	<u>1,227,885</u>
 Net accrued interest as at 31 March 2020	<u>-</u>	<u>1,763,934</u>	<u>-</u>	<u>1,763,934</u>
 Net accrued interest as at 31 March 2019	<u>-</u>	<u>1,509,949</u>	<u>-</u>	<u>1,509,949</u>

Notes to the Financial Statements for the year ended 31 March 2020 (continued)

14 DEBTORS

	2020	2019
	£	£
Prepayments and accrued income	82,212	55,931
Other	694	3,102
	82,906	59,033

15 ASSETS UNDER CONSTRUCTION

	2020	2019
	£	£
Balance as at 1 April 2019	-	-
Additions in year	849,523	-
Disposals in year	-	-
Impairment in year	(462,587)	-
Balance at 31 March 2020	386,936	-

Reall is currently considering a proposal from the local community credit union regarding the sale of the houses located in Ghana. Terms are to be finalised, but the current assumption is a repayment term of 60 months.

16 CREDITORS - amounts falling due within one year

	2020	2019
	£	£
Unpaid supplier invoices	331,187	77,403
Taxation and pension costs outstanding	22,672	16,237
HI Fund loans repayable (note 17)	320,500	148,000
Reall Bond loans repayable (note 17)	40,000	50,000
Interest on Reall Bond loans	2,471	2,861
Accruals	134,828	118,189
Mortgage liability (note 17)	50,617	50,617
	902,275	463,307

Notes to the Financial Statements for the year ended 31 March 2020 (continued)

17 CREDITORS: Amounts falling due after more than one year

	2020 £	2019 £
Mortgage liability		
Amounts payable after more than one year	442,027	492,644
HI Fund loans		
Johnnie Johnson Housing Trust	-	50,000
Magna Housing Group	21,000	21,000
MHS Homes	-	17,500
Notting Hill Housing Trust	-	110,000
The Sovereign Housing Group Ltd	10,000	10,000
Home Group Ltd	5,000	-
	36,000	208,500
REALL Bond loans		
B3 Living Housing	10,000	10,000
The London Housing Foundation	-	30,000
	10,000	40,000
Accrued interest payable		
Reall Bond loans with maturity dates greater than 1 year	1,150	2,418
Deferred Rent payable		
Deferred rent with maturity dates greater than 1 year	15,734	-
	504,911	743,562

Mortgage liability

Movement on Mortgage liability during the year was as follows:

	2020 £	2019 £
Balance as at 1 April 2019:		
Falling due within less than one year	50,617	50,025
Falling due after one year	492,644	537,282
Capital repaid	(50,516)	(44,046)
Balance as at 31 March 2020	492,745	543,261

The mortgage, that was taken out in August 2016 and relates to office premises for the charity, is secured on the building. The mortgage was advanced as two loans; £109,500 over a 5-year period with interest rates capped at 1% over base rate for the whole of the term and the second for £547,500 over a 20-year period with interest rates capped at 3% over base rate for the first 10 years of the term. Interest has been charged to the Statement of Financial Activities on a straight-line basis.

Notes to the Financial Statements for the year ended 31 March 2020 (continued)

17 CREDITORS: Amounts falling due after more than one year (continued)

Analysis of loan maturity	2020	2019
	£	£
Amounts payable:		
In one year or less or on demand	50,617	50,617
In more than one year but not more than two years	37,460	50,617
In more than two years but not more than five years	84,187	93,585
In five years or more	320,380	348,442
	<u>492,644</u>	<u>543,261</u>

HI/Reall Loans

Movement on HI/Reall loans during the year was as follows:

	2020	2019
	£	£
Balance as at 1 April 2019:		
Falling due within less than one year	198,000	78,000
Falling due after one year	248,500	408,500
New loans received	-	-
Loans repaid	(40,000)	(40,000)
Accrued interest payable	3,621	5,279
Balance as at 31 March 2020	<u>410,121</u>	<u>451,779</u>

The HI loans are not interest bearing and offer a range of maturity dates depending on the wishes of the investor but are generally repayable at the end of their term. Repayment is not due until the end of the agreed loan term.

The Reall Bond offers varying maturity terms (minimum 3 years) depending on the wishes of the investor. Interest is paid at a rate of 3% p.a., payable at maturity, unless the funder chooses to waive its right to interest. As at 31 March 2020, one funder has waived their right to interest amounting to £961 (2019: one funder waived interest amounting to £672).

Analysis of debt maturity	2020	2019
	£	£
Amounts payable:		
In one year or less or on demand	362,971	200,861
In more than one year but not more than two years	32,150	209,068
In more than two years but not more than five years	15,000	41,850
	<u>410,121</u>	<u>451,779</u>

Notes to the Financial Statements for the year ended 31 March 2020 (continued)

17 CREDITORS: Amounts falling due after more than one year (continued)

Movement on Deferred Rent during the year was as follows:

	2020	2019
	£	£
Balance at 01 April 2019		
Rent accrued during the year	15,734	-
Accrued rent utilised during the year	-	-
	<u>15,734</u>	<u>-</u>
Analysis of debt maturity	2020	2019
	£	£
Amounts payable:		
In one year or less or on demand	-	-
In more than one year but not more than two years	15,734	-
In more than two years but not more than five years	-	-
	<u>15,734</u>	<u>-</u>

Reall have entered into a lease for new premises which began on 14 February 2020 for a period of 10 years. The lease allows for a reduced rent period of 20 months, the benefit of which is being spread over the life of the lease. The analysis of which is shown above.

Notes to the Financial Statements for the year ended 31 March 2020 (continued)

18 CASH PROVIDED/(USED IN) BY OPERATING ACTIVITIES

	2020 £	2019 £
Net (expenditure)/income for the year (as per the Statement of Financial Activities)	2,887,371	(6,597,447)
Adjustments for:		
Depreciation	39,586	40,212
(Profit)/loss on disposal of fixed assets	(1,185)	320
Movement in pension provision	(408,486)	545,275
(Increase) in debtors	(25,971)	(24,946)
Increase/(decrease) in creditors	276,857	(51,179)
Interest receivable	(316,914)	(473,836)
Interest payable	1,054	4,100
Mortgage interest payable	11,749	18,037
Deferred Rent	15,734	-
CLIFF loan interest receivable	-	70,092
Issue of loans to partner organisations	(1,603,886)	(3,043,122)
Investment in Assets Under Construction	(849,523)	-
Repayment of loans from beneficiaries	-	105,790
Unrealised exchange rate losses/(gains) on Programme Related Investments	580,549	(483,335)
Exchange rate (gains) on cash and cash equivalents due to exchange rate movements	(1,380)	-
Equity investment impairment	-	361,459
Programme Related Investment impairment	2,247,762	6,481,030
Net cash generated/(used in) by operating activities	2,853,317	(3,047,550)

19 ANALYSIS OF CASH AND CASH EQUIVALENTS

	2020 £	2019 £
Cash in hand and at bank	6,723,208	4,272,918
	6,723,208	4,272,918

Cash in hand and at bank includes an amount of £835,273 (2019: £787,714) deposited with banks in Nigeria. This cash cannot currently be transferred outside of Nigeria due to legal restrictions. Nigeria is one of our priority countries and we will reinvest these funds into future projects.

Notes to the Financial Statements for the year ended 31 March 2020 (continued)

20 PENSION COMMITMENTS

	2020	2019
	£	£
Net defined benefit pension obligation	<u>403,326</u>	<u>811,812</u>

The charity participates in three schemes under the Social Housing Pension Scheme ("SHPS") that are managed by The Pensions Trust. The SHPS scheme is a multi-employer scheme which provides benefits to some 500 non-associated employers. Two schemes are Defined Contribution Schemes; Reall's designated auto-enrolment scheme and Reall's Higher Rate Defined Contribution Scheme and the other scheme is a closed Defined Benefit Scheme.

Defined Contribution Scheme

This scheme was set up to enable Reall to meet its obligations with regard to auto-enrolment. The assets of this scheme are held separately from those of Reall and are administered separately from the assets of the Reall Defined Benefit Scheme. The pension charge represents contributions payable by Reall to the fund during the year and amounted to £13,359 (2019: £4,595). Contributions totalling £3,567 (in relation to the March 2020 payroll deductions) were due to the fund as at 31 March 2020 (2019: £1,738).

Higher Rate Defined Contribution Scheme

This scheme was set up to replace the closed Defined Benefit Scheme that the charity had been a member of for many years and is open to any employees who wish to join it instead of the auto-enrolment scheme. The assets of this scheme are held separately from those of Reall and are administered separately from the assets of the Reall Defined Benefit Scheme. The pension charge represents contributions payable by Reall to the fund during the year and amounted to £59,351 (2019: £21,674). Contributions totalling £12,650 (in relation to the March 2020 payroll deductions) were due to the fund as at 31 March 2020 (2019: £10,572).

Defined Benefit Scheme

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

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

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

The assets of this scheme are held separately from those of Reall and are administered separately from the assets of the two Reall Defined Contribution Schemes. Contributions totalling £5,607 (in relation to the March 2020 deficit contributions) were due to the fund as at 31 March 2020 (2019: £3,572).

Notes to the Financial Statements for the year ended 31 March 2020 (continued)

20 PENSION COMMITMENTS (continued)

For financial years ending on or before 28 February 2019, it had not been possible for the charity to obtain sufficient information to enable it to account for this scheme as a Defined Benefit Scheme. Therefore, it accounted for the scheme as a Defined Contribution Scheme.

For financial years ending on or after 31 March 2019, it is now possible to obtain sufficient information to enable the charity to account for the scheme as a Defined Benefit Scheme. For accounting purposes, two actuarial valuations for the scheme were carried out with effective dates of 31 March 2018 and 30 September 2018. The liability figures from each valuation are rolled forward to the relevant accounting dates and are used in conjunction with the charity's share of the fair value of the scheme's total assets to calculate the charity's net deficit or surplus at the accounting period start and end dates. Similarly, an actuarial valuation of the scheme was carried out as at 30 September 2019 to inform the liabilities for accounting year ends from 31 March 2020 to 28 February 2021 inclusive.

Assumptions

	2020	2019
	% per annum	% per annum
Discount rate	2.33	2.40
Inflation (RPI)	2.51	3.20
Inflation (CPI)	1.51	2.20
Salary growth	2.51	3.20
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2020 imply the following life expectancies

	Life expectancy at age 65
	Years
Male retiring in 2020	21.5
Female retiring in 2020	23.3
Male retiring in 2040	22.9
Female retiring in 2040	24.5

Present values of defined benefit obligation, fair value of assets and defined benefit liability

	2020	2019
	£'000	£'000
Fair value of scheme assets	2,299	2,182
Present value of defined benefit obligation	2,703	2,994
Deficit in scheme	(404)	(812)

Notes to the Financial Statements for the year ended 31 March 2020 (continued)

20 PENSION COMMITMENTS (continued)

Reconciliation of opening and closing balances of the defined benefit obligation

Defined benefit obligation	2020
	£'000
At start of year	2,994
Current service cost	-
Expenses	5
Interest expense	72
Contributions by scheme participants	-
Actuarial losses (gains) due to scheme experience	60
Actuarial losses (gains) due to changes in demographic assumptions	(25)
Actuarial losses (gains) due to changes in financial assumptions	(372)
Benefits paid and expenses	(31)
At end of year	2,703

Reconciliation of opening and closing balances of the fair value of scheme assets

Scheme assets	2020
	£'000
At start of year	2,182
Interest income	53
Experience on scheme assets (excluding amounts included in interest income – gain (loss))	23
Contributions by the employer	72
Contributions by scheme participants	-
Benefits paid and expenses	(31)
At end of year	2,299

Statement of Financial Activities impact

	2020
	£'000
In expenditure:	
Current service cost	-
Expenses	5
Net interest expense	19
Recognised in expenditure	24
In other recognised (losses)/gains – Actuarial losses:	
Experience on scheme assets (excluding amounts included in interest income – gain (loss))	23
Experience on scheme liabilities – gain (loss)	(60)
Effect of changes in demographic assumptions underlying the present value of the defined benefit obligation – gain (loss)	25
Effect of changes in financial assumptions underlying the present value of the defined benefit obligation – gain (loss)	372
Recognised in other recognised gains/(losses)	360

**Notes to the Financial Statements for the year ended 31 March 2020
(continued)**

21 UNRESTRICTED FUNDS

The unrestricted funds are made up as follows:

	2020	2019
	£	£
General Unrestricted Funds	<u>458,058</u>	<u>397,626</u>

Notes to the Financial Statements for the year ended 31 March 2020 (continued)

22 RESTRICTED FUNDS

Restricted Funds are those donated and restricted for use in a particular area or for specific purposes:

	As at 31 March 2019	Other recognised gains	Income	Expenditure	Transfers between funds	As at 31 March 2020
	£	£	£	£	£	£
HI Fund	(281,242)	-	1,212	-	-	(280,030)
Programme Funds	32,924,154	355,361	9,359,672	(6,889,306)	(50,022)	35,699,859
Recycled Funds	470,598	-	-	-	50,022	520,620
	33,113,510	355,361	9,360,884	(6,889,306)	-	35,940,449

	As at 1 April 2018	Other recognised losses	Income	Expenditure	Transfers between funds	As at 31 March 2019
	£	£	£	£	£	£
HI Fund	(141,288)	-	967	(140,921)	-	(281,242)
Programme Funds	40,310,331	(515,690)	3,624,305	(9,517,158)	(977,634)	32,924,154
Recycled Funds	(430,688)	-	-	-	901,286	470,598
Communities Programme Funds	9,408	-	5,060	(12,751)	(1,717)	-
	39,747,763	(515,690)	3,630,332	(9,670,830)	(78,065)	33,113,510

Notes to the Financial Statements for the year ended 31 March 2020 (continued)

22 RESTRICTED FUNDS (continued)

The HI Fund comprises loans, donations, grants and accumulated interest received and held for the purpose of making or guaranteeing loans to Reall's partner organisations. The negative balance on this fund reflects the previous write-off of loans as well as the impairment shown as Programme Related Investments. In April 2020 we wrote to all lenders to ask if they will convert the loan into grant, and we have received a number of positive responses to date. Further details of the basis of these provisions are set out in note 13.

The investment programme is funded by FCDO, Sida with some limited contributions from General Unrestricted reserves. Reall co-ordinates the investment programme at the global/central level and development partners co-ordinate investment programme at the local level in the countries detailed in note 8.

During the year we did not receive investment programme loan repayments whilst we worked with partners to reschedule loans. Repayments are recycled back into achieving Reall's objectives and mission. These are presented separately in the table above under the heading recycled funds. This separation demonstrates the process by which donor funds previously disbursed as loans to projects are received back from partner organisations through loan repayments and which are then available for subsequent use by Reall. Whilst the recycled funds are to be used to deliver Reall's objectives and mission we have presently identified these as restricted funds, although this may be revisited in future years.

Notes to the Financial Statements for the year ended 31 March 2020 (continued)

23 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Restricted Funds £	Unrestricted Funds £	Total Funds £
As at 31 March 2020			
Tangible Fixed Assets	-	1,197,779	1,197,779
Programme Related Investments	28,573,947	-	28,573,947
Investments in Joint Ventures and Associates	1,244,242	-	1,244,242
Net Current Assets	6,568,161	(277,386)	6,290,776
Creditors: amounts falling due after more than one year	(62,884)	(442,027)	(504,911)
Net defined benefit scheme obligation	(383,018)	(20,308)	(403,326)
Net assets as at 31 March 2020	<u>35,940,448</u>	<u>458,058</u>	<u>36,398,507</u>
As at 31 March 2019			
Tangible Fixed Assets	-	871,823	871,823
Programme Related Investments	29,081,801	-	29,081,801
Investments in Joint Ventures and Associates	1,244,242	-	1,244,242
Net Current Assets	3,824,625	44,019	3,868,644
Creditors: amounts falling due after more than one year	(250,918)	(492,644)	(743,562)
Net defined benefit scheme obligation	(786,240)	(25,572)	(811,812)
Net assets as at 31 March 2019	<u>33,113,510</u>	<u>397,626</u>	<u>33,511,136</u>

24 MEMBERS OF THE COMPANY

The company is limited by guarantee and thus does not have any issued share capital. Each member guarantees during their membership and for one year after membership ceases, the sum of £1 to the company in the event of a winding up order. Details of members as at 31 March 2020 are included within the Report of the Trustees. Any surplus on winding up is to go to a charity whose objectives are of a similar nature.

Notes to the Financial Statements for the year ended 31 March 2020 (continued)

25 FINANCIAL COMMITMENTS

As at 31 March 2020, the charity had total future minimum lease payments due as follows:

	2020 Other £	2019 Other £
Payable:		
In less than one year	127,624	1,451
In two to five years	1,132,882	-
	<u>1,260,506</u>	<u>1,451</u>

Reall have entered into a lease for new premises which began on 14 February 2020 for a period of 10 years. The lease allows for a reduced rent period of 20 months, the benefit of which is being spread over the life of the lease. The value of the lease payments are reflected above.

26 CONTINGENT LIABILITIES

The charity receives significant income from institutional donors. The charity takes all reasonable steps to ensure it complies with the terms attached to the receipt of all income under funding agreements. However, the trustees recognise that there is a risk that some funding could become repayable if funds are not used in accordance with the terms of funding agreements but are not aware of any breaches of the terms which would require funds to be repaid to funders.

Notes to the Financial Statements for the year ended 31 March 2020 (continued)

27 RELATED PARTY TRANSACTIONS

The following transactions with joint ventures and associates as detailed in note 12 have taken place as set out below:

	Affordable Housing Solutions £	Sheltersol Holdings £	SEWA Nirman Private £	Ansaar Management Company (Private) £	Oakleaf Investment Holdings 149 Proprietary £	Enterprise for Housing Development Uganda £
2020						
Programme related Investments						
Gross interest-bearing loans	140,921	6,920,010	-	11,520,894	723,429	41,293
Gross equity investments	-	-	5,494,301	-	-	-
Impairment provision	(140,921)	(4,046,586)	(2,518,387)	(920,273)	(543,566)	(23,275)
Net loans as at 31 March 2020	-	2,873,424	2,975,914	10,600,621	179,863	18,018
<i>Interest rate payable</i>	5%	0-5%	4/5%	0-5%	0/7%	0-6%
Grants						
New grants	-	3,157	2,970	51,617	355,454	3,597
Total grants year ended 31 March 2020	-	3,157	2,970	51,617	355,454	3,597
2019						
Programme related Investments						
Gross interest-bearing loans	140,921	6,574,366	-	11,256,871	850,204	40,040
Gross equity investments	-	-	5,676,542	-	-	-
Impairment provision	(140,921)	(4,297,696)	(2,248,086)	-	(850,204)	(20,020)
Net loans as at 31 March 2019	-	2,276,670	3,428,456	11,256,871	-	20,020
<i>Interest rate payable</i>	5%	5%	4/5%	0-5%	0/7%	0-6%
Grants						
Capacity loans converted to non-repayable grants	-	638,183	-	-	-	91,868
New grants	-	210,320	2,789	3,080	198,389	41,594
Total grants year ended 31 March 2019	-	848,503	2,789	3,080	198,389	133,462

Notes to the Financial Statements for the year ended 31 March 2020 (continued)

28 FINANCIAL INSTRUMENTS

The carrying amount of the charity's financial instruments at 31 March was:

	2020	2019
	£	£
Financial assets:		
Cash	6,723,208	4,272,918
Concessionary loans measured at cost less impairment plus accrued interest	28,573,947	29,081,801
Total	<u>35,297,155</u>	<u>33,354,719</u>
Financial liabilities:		
Concessionary loans measured at cost plus accrued interest	356,500	356,500
Bonds measured at cost plus accrued interest	53,621	95,279
Mortgage Liability	492,644	543,260
Other measured at amortised cost	466,014	195,593
Total	<u>1,368,779</u>	<u>1,190,632</u>

29 CAPITAL COMMITMENTS

As at 31 March Reall had the following capital commitments:

	2020	2019
	£	£
Contracts for future capital expenditure not provided in the financial statements – fixed assets	<u>52,134</u>	<u>-</u>

Notes to the Financial Statements for the year ended 31 March 2020 (continued)

30 Statement of Financial Activities (including Income and Expenditure Account) For the year ended 31 March 2019

		Unrestricted Funds General	Restricted funds	2019 Total	2018 Total
	Notes	£	£	£	£
INCOME FROM:					
Donations and legacies	1	14,956	-	14,956	30,797
Other trading activities	1	-	-	-	(1,911)
Charitable activities	1	-	3,539,731	3,539,731	12,099,996
Investments	1	364	90,601	90,965	68,537
TOTAL INCOME		15,320	3,630,332	3,645,652	12,197,419
EXPENDITURE ON:					
Raising funds	5	11,839	-	11,839	16,723
Charitable activities	6	27,968	9,670,830	9,698,798	11,631,930
TOTAL EXPENDITURE		39,807	9,670,830	9,710,637	11,648,653
Net (expenditure)/income for the year		(24,487)	(6,040,498)	(6,064,985)	548,766
Transfers between funds	22	78,065	(78,065)	-	-
		53,578	(6,118,563)	(6,064,985)	548,766
Other recognised gains/(losses)					
Initial recognition of multi-employer defined benefit scheme	20	(14,851)	(456,612)	(471,463)	-
Actuarial losses in respect of pension scheme	20	(1,921)	(59,078)	(60,999)	-
NET MOVEMENT IN FUNDS		36,806	(6,634,253)	(6,597,447)	548,766
RECONCILIATION OF FUNDS:					
Balance brought forward at 1 April 2018		360,820	39,747,763	40,108,583	39,559,817
BALANCE CARRIED FORWARD AT 31 MARCH 2019	21/22	397,626	33,113,510	33,511,136	40,108,583