

PHASES SOCIAL ENTERPRISE

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

**Bradley Soni & Co.
Chartered Accountants
365 South Coast Road
Telscombe Cliffs BN10 7HA**



PHASES SOCIAL ENTERPRISE
(A company limited by guarantee)

CONTENTS

	Page
Reference and administrative details of the charity, its trustees and advisers	1
Trustees' report	2-10
Independent examiner's report	11-12
Statement of financial activities	13
Balance sheet	14
Notes to the financial statements	15-22

PHASES SOCIAL ENTERPRISE

(A company limited by guarantee)

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 DECEMBER 2020**

Trustees

Mr J Mbang
Mrs T Osunbayo
Mr P Cartstairs

Company registered number

04268028

Charity registered number

1089870

Registered Office

Unit 7
98 Goldstone Villas
Hove
East Sussex
BN3 3RU

Chief Executive Officer

Mr Glenn Heaton

Accountants

Bradley Soni & Co.
365 South Coast Road
Telscombe Cliffs
East Sussex.
BN10 7HA

Bankers

Unity Trust Bank PLC
Nine Brindley Place
Birmingham
B1 2HB

Solicitors

Griffith Smith Farrington Web LLP
47 Old Steyne
Brighton
BN1 1NW

PHASES SOCIAL ENTERPRISE
(A Company Limited by Guarantee)
TRUSTEES' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

The Trustees present their annual report together with the financial statements for the period from 1 January 2020 to 31 December 2020. The Trustees confirm that the Annual Report and financial statements of the company comply with the current statutory requirements, the requirements of the company's governing document and the provisions of the Statement of Recommended Practice (SORP), applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) as amended by Update Bulletin 1 (effective 1 January 2015).

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

Objectives and Activities

a. POLICIES AND OBJECTIVES

By Special Resolution of 27th March 2017 the following objects were adopted for the charitable company:

'To relieve poverty, sickness and distress, in particular, but not exclusively, by the provision of advice, training and support, and especially, through the development of projects which construct new properties, renovate underused buildings and provide construction training opportunities for persons in charitable need; and by the provision of housing for persons in necessitous circumstances upon terms appropriate to their means'

In summary, the Charity's aims are focussed on the connection between homelessness and construction. It aims to do three main things:

- Train homeless and similarly marginalised people in construction skills
- Renovate empty properties, bringing them back to life as affordable homes
- Build new properties to be used as affordable housing

b. STRATEGIES FOR ACHIEVING OBJECTIVES

Phases runs construction training courses for homeless and similarly marginalised people at its training workshop in Rotherhithe.

We have also developed a strategy for bringing both empty private sector and empty public sector properties back into use. Outside of London there are a number of organisations who try to bring empty properties back into use. But in London the task is particularly difficult due to ever rising rents and property values which can make it hard to negotiate deals with owners. Phases is unusual in that we have had considerable success in the Capital. There are a number of reasons for this but it is largely due to relationships established over a number of years with local councils, local Empty Property Officers and private property owners.

More recently, Phases has been developing a strategy for becoming a builder of new build properties for use as affordable housing and been exploring the possibility of establishing a recruitment-type business for homeless people entering the construction industry.

**PHASES SOCIAL ENTERPRISE
(A Company Limited by Guarantee)
TRUSTEES' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020**

c. ACTIVITIES FOR ACHIEVING OBJECTIVES

Once empty properties have been brought back into use, Phases then lets these properties out as affordable housing. We then continue to let and manage these properties until they are returned to their owners. Tenants are sourced through contacts with Local Authority Housing Units.

Phases continue to maintain contact with local council empty property officers in various London boroughs to source new projects. It also continues to make direct contact with private owners of empty properties.

More recently Phases has been formulating plans to enter the field of new build development. The intention is to create new affordable housing in London.

In respect of training, we also run a small training workshop in Rotherhithe where trainees learn construction skills prior to being given the opportunity to work on renovation projects.

PUBLIC BENEFIT

The Trustees confirm that they have complied with the duty in the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit. The Trustees have referred to this guidance when reviewing the charity's aims and objectives and in planning future activities of the charity.

d. VOLUNTEERS

Phases relies on the help of volunteers in various aspects of its work:

- Professionals provide their time at substantially subsidised cost in respect of various construction- related services. This includes: architects; surveyors; and structural engineers.
- Former trainees return to provide help in training new trainees in our workshop
- Volunteers provide mentoring assistance to homeless trainees

**PHASES SOCIAL ENTERPRISE
(A Company Limited by Guarantee)
TRUSTEES' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020**

Achievements and performance

a. KEY FINANCIAL PERFORMANCE INDICATORS

Rental income, which is currently at the core of the social enterprise model of the charity, was £163k for the year. This was down from £187k in 2019. This was due to the charity ceasing to run and manage a couple of properties during the year and reflects the longer-term plan to slowly move away from managing properties and to diversify sources of social enterprise income.

Unrestricted grants of £19,200 were received during the year under the Government's furlough (Job Retention) scheme as a result of the Covid-19 pandemic. These were crucial during the period when we had to shut down services. During the year we also received the second half of restricted funding (£22k) under the Access Foundation Grant programme in relation to our recruitment agency project.

Our fixed assets at the end of the year were £690k which was down from 2019 following our sale of the property at Hill Road. Net assets were £739k, up from £721k in 2019. Unrestricted cash reserves were approximately £240k.

b. REVIEW OF ACTIVITIES

Empty Property Renovations and Maintenance Cycle

We did not embark on any new empty property renovations during the year. Covid-19 made investigation, research and communication with empty property owners largely impossible for the majority of the year. Similarly, we had to suspend our usual planned maintenance cycle on existing properties from March 2020 to the end of the year due to health and safety concerns. We will hope to make progress on the backlog created during 2021. Emergency repairs work continued throughout the year, within strict Covid-safe guidelines.

Progression of Trainees

Our workshop at Rotherhithe had to be closed from March 2020 due to Covid-19. We re-opened in October, only for it to be closed again in early December. As a result of the disrupted year, only nine trainees passed through our workshop programme in contrast to the usual number of about 25. As usual, all trainees were either living in hostels or had recently moved on to their own accommodation after a period of homelessness. Due to the restrictions on our normal planned maintenance cycle (above) we were also restricted on providing on-site work-experience to trainees – three trainees did get some experience in carpentry, plastering and painting and decorating during the year.

Despite Covid, during the year three former trainees moved into full-time employment and a further two attended trade-specific construction courses at FE colleges.

**PHASES SOCIAL ENTERPRISE
(A Company Limited by Guarantee)
TRUSTEES' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020**

New Build Projects

As reported in our 2019 report, Phases decided to pause its search for potential new build sites mid-year 2019 whilst focussing on other projects. It had been our intention to resume this search at some point during 2020 however the intervention of Covid-19 meant that this did not happen. It is now the intention to resume the search during 2021. However this will be subject to a full market appraisal, particularly in London, due to the changes wrought by the pandemic.

People Housed

Phases has three houses and ten flats which it lets and manages. The properties are let out in collaboration with the different local authorities within which the properties are situated: London boroughs of Southwark, Lewisham and Newham; and Arun District Council.

All of our properties are let out at affordable rent levels which are usually the same as the Housing Benefit level (known as the Local Housing Allowance rate).

'Construction Buddy'

Work continued on our recruitment agency-type project 'Construction Buddy' which has been designed to place marginalised people into construction jobs and apprenticeships. The idea is to place both current and former trainees but also a wider cohort of marginalised individuals into the industry.

Progress had been made during 2019 in developing infrastructure for the project and in forming partnerships with potential referrers from the homeless sector and other organisations serving marginalised people. A boost for the project had also been received in the form of a £44k Access Foundation Grant from Social Investment Business to develop the project across 2019/2020. In addition, HomelessLink kindly provided us with free office space for the project at their Aldgate offices which continued into 2020.

Progress on the project began well in the first quarter of 2020, with our new member of staff employed under the Access Foundation Grant extending contacts. An initial ten candidates were also lined up from our previous trainees for potential placements with employers. Unfortunately Covid then intervened at the point where we were hoping to focus on employer engagement. The designated member of staff had to be furloughed through the middle part of the year and progress slowed considerably. It was difficult to continue with screening potential candidates and plans for a two-week employability course as part of the project had to be shelved for the remainder of the year and plans made for a more remote approach. In the final quarter of 2020 efforts were made to restart engagement with potential employers, including British Land in relation to the nearby Canada Water regeneration and a number of construction SMEs already known to us.

Overall, it was therefore a frustrating year for the Construction Buddy project. However, over 40 potential candidates were initially screened and contact made with a similar number of potential employers. Seven candidates were also placed in work (one permanent, seven temporary) and two candidates lined up for apprenticeships.

**PHASES SOCIAL ENTERPRISE
(A Company Limited by Guarantee)
TRUSTEES' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020**

Financial review

a. GOING CONCERN

After making appropriate enquiries, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies.

b. RESERVES POLICY

The Trustees have reviewed the reserves policy for Phases. This policy is meant to apply to general expenditure and does not cover contingencies on individual projects.

The Trustees conduct an annual review of the level of unrestricted reserves by considering the risks associated with various income streams, expenditure plans and balance sheet items. This enables an estimate to be made of the reserve levels required to:

- Allow time for reorganisation of Phases' work in the event of a downturn in income or asset values
- Protect ongoing work programmes
- Allow the charitable company to meet its objectives

The Trustees have established that the level of unrestricted reserves in the general fund (that is those funds that are freely available) that Phases ought to have is six months of general expenditure. General expenditure is taken to exclude the costs of new renovation projects but does include repayment of loans. Six months of general expenditure is estimated as £100k. The Trustees have therefore set a target to establish this level of reserves.

**PHASES SOCIAL ENTERPRISE
(A Company Limited by Guarantee)
TRUSTEES' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020**

c. PRINCIPAL FUNDING

The charitable company's total income for the year was £204k.

Rental and other earned income, which is at the core of the social enterprise model of the charity, was £163k. Other charitable income came through grant funders Social Invest Business through their 'Access Foundation Grant' programme and through the Government's Job Retention Scheme.

Property Assets

During the year the property at Hill Road, BN17 was sold off.

Borrowing

The Charity has secured lending with the Big Issue Invest of approximately £185k. These monies were originally used towards purchase of the charity's freehold assets.

Funders

We were pleased to be funded during the year by Social Investment Business through their 'Access Foundation Grants' programme. We would like to thank all of our donors.

Volunteer Input

During the year Phases was very grateful for the input of 146 hours of volunteer work. This was primarily assistance in our training workshop (often by former trainees) and mentoring support provided to trainees.

Structure, governance and management

a. CONSTITUTION

Phases Social Enterprise is constituted as a Company Limited by Guarantee (No: 04268028) and is therefore governed by its Memorandum and Articles of Association which were originally dated 9 August 2001.

The charitable company was originally called 'Advocates for the Homeless'. On 6 August 2010, by Special Resolution, the charitable company unanimously decided to cease using the name 'Advocates for the Homeless' and to adopt the new name of 'Phases Social Enterprise'. A Certificate of Change of Name was issued by Companies House to this effect on 26 August 2010. The charitable company is also often simply known by the name 'Phases' on a daily operating basis.

**PHASES SOCIAL ENTERPRISE
(A Company Limited by Guarantee)
TRUSTEES' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020**

b. METHOD OF APPOINTMENT OR ELECTION OF TRUSTEES

Trustees are recruited by the Board of Trustees based on the skills needed by the Board and the skills of potential Board members. Trustees are elected under the terms of the Articles of Association. In accordance with the Articles, one third of the Trustees will retire at the Annual General Meeting but may offer themselves for re-election.

c. POLICIES ADOPTED FOR THE INDUCTION AND TRAINING OF TRUSTEES

New trustees undergo an induction when they are appointed, to brief them on their legal obligations under charity and company law, the aims and procedures of the charity, the content of the memorandum and articles of association, the board decision making process, the business plan and the recent financial performance of the charity. Trustees are encouraged to attend external training events where these will facilitate the undertaking of their role.

d. PAY POLICY FOR SENIOR STAFF

The pay of the Chief Executive is set annually by the Trustees. In carrying out this function, regard is had to the pay of chief executives in similar-sized charities.

e. ORGANISATIONAL STRUCTURE AND DECISION MAKING

The Board of Trustees meets every quarter to discuss the current and future strategic development of the charity and any issues affecting the charity's objectives.

The Chief Executive manages the day to day operations of the charity. The Chief Executive is appointed by the trustees who may also be involved in the appointment of other staff together with the Chief Executive. The training workshop is managed by an experienced training coordinator. Individual construction sites, whilst projects are ongoing, are managed by a site project manager, in coordination with the training coordinator

PHASES SOCIAL ENTERPRISE
(A Company Limited by Guarantee)
TRUSTEES' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

f. RISK MANAGEMENT

The Trustees have overall responsibility for ensuring that appropriate systems of control, financial or otherwise, exist. They are responsible for safeguarding the assets of the charity, taking reasonable steps for the prevention and detection of fraud and other irregularities and providing reasonable assurance that:

- The charity is operating efficiently and effectively
- Its assets are safeguarded against unauthorised use or disposal
- Proper records are maintained and financial information is reliable
- The charity complies with relevant laws and regulations

The systems of internal control are designed to provide reasonable assurance against material misstatement or loss. They include:

- Effective planning of the strategic direction of the charity and project development
- Regular review of financial and operational results by the Chief Executive and Board
- Robust and independent procedures in place for managing health and safety regime
- Review by the Board of Trustees with the external auditors of any matters raised

Project risks are reviewed at the beginning of each project by the Chief Executive and may be reviewed by the Board of Trustees. Organisational risks are reviewed each year by the Board of Trustees who may take independent professional and financial advice to ensure that risks are properly managed.

FUTURE DEVELOPMENTS

New Build Projects

As the new economic landscape takes shape after Covid during 2021, Phases will review the situation as regards possible new build projects. The position in London, in particular, is likely to be much-changed and this will have to be factored in to any new strategy.

There remains possibility of projects at the sites 342 Brockley Road and 1 Brockley Grove and we will meet to discuss possibilities with the owner of those sites.

Empty Property Projects

We continue to have close relations with the Local Authority empty property officers in Southwark, Lewisham and Camden and will consider any projects put forward.

'Construction Buddy'

Work on this project will continue into 2021. It is hoped that Covid restrictions will lift, enabling us to properly implement one-to-one screening with candidates and hopefully also to better network with employers. Much of the infrastructure work has been completed so it is hoped that the project can be properly launched during the coming year.

PHASES SOCIAL ENTERPRISE
(A Company Limited by Guarantee)
TRUSTEES' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

TRUSTEES' RESPONSIBILITIES STATEMENT

The trustees (who are also directors of Phases Social Enterprise for the purposes of company law are responsible for preparing the Trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (UK Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of incoming resources and application of resources, including the income and expenditure of the charitable company for that period. In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently
- Observe the *methods and principles in the Charities SORP*
- Make judgements and accounting estimates that are reasonable and prudent
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation

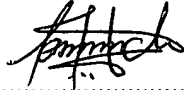
The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements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

DISCLOSURE OF INFORMATION TO ACCOUNTANTS

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

- So far as that Trustee is aware, there is no relevant audit information of which the charitable company's accountants are unaware, and
- That Trustee has taken all steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable company's accountants are aware of that information

This report was approved by the Trustees on *25th August* 2021 and signed on their behalf by:


.....
Mr J Mbang
Trustee


.....
Mr P Carstairs
Trustee

PHASES SOCIAL ENTERPRISE
(A company limited by guarantee)
INDEPENDENT EXAMINER'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES OF
PHASES SOCIAL ENTERPRISES (the 'charity')

I report to the charity Trustees on my examination of the accounts of the charity for the year ended 31 December 2020

This report is made solely to the charity's Trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. My work has been undertaken so that I might state to the charity's Trustees those matters I am required to state to them in an Independent examiner's report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the charity and the charity's Trustees as a body, for my work or for this report.

RESPONSIBILITIES AND BASIS OF REPORT

As the Trustees of the charity (and its directors for the purposes of company law) you are responsible for the preparation of the accounts in accordance with the requirements of the Companies Act 2006 ('the 2006 Act').

Having satisfied myself that the accounts of the charity are not required to be audited under Part 16 of the 2006 Act and are eligible for independent examination, I report in respect of my examination of the charity's accounts carried out under section 145 of the Charities Act 2011 ('the 2011 Act'). In carrying out my examination I have followed the Directions given by the Charity Commission under section 145(5) (b) of the 2011 Act.


INDEPENDENT EXAMINERS STATEMENT

I have completed my examination. I can confirm that no matters have come to my attention in connection with the examination giving me cause to believe:

1. accounting records were not kept in respect of the charity as required by section 386 of the 2006 Act; or
2. the accounts do not accord with those records; or
3. the accounts do not comply with the accounting requirements of section 396 of the 2006 Act other than any requirement that the accounts give a 'true and fair' view which is not a matter considered as part of an independent examination; or
4. the accounts have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities [applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)]

PHASES SOCIAL ENTERPRISE
(A company limited by guarantee)
INDEPENDENT EXAMINER'S REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached

Signed:  *Bradley Soni*

Date: 27/8/21

Bradley Soni & Co.
365 South Coast Road
Telscombe Cliffs
East Sussex.
BN10 7HA

PHASES SOCIAL ENTERPRISE
(A company limited by guarantee)
STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
INCOME FROM:					
Donations and legacies/Grants	2	19200	22000	41200	40697
Investments	3	163309	-	163309	187216
TOTAL INCOME		<u>182509</u>	<u>22000</u>	<u>204509</u>	<u>227913</u>
EXPENDITURE ON:					
Charitable activities	4-6	215388	31574	246962	249704
TOTAL EXPENDITURE	7	<u>215388</u>	<u>31574</u>	<u>246962</u>	<u>249704</u>
NET EXPENDITURE BEFORE INVESTMENT GAIN/LOSSES		(32879)	(9574)	(42453)	(21791)
Net gains on investments	12	<u>59630</u>	<u>-</u>	<u>59630</u>	<u>20573</u>
NET EXPENDITURE BEFORE OTHER RECOGNISED GAINS AND LOSSES		26751	(9574)	17177	(1218)
RECONCILIATION OF FUNDS:					
Total funds brought forward		<u>721898</u>	<u>-</u>	<u>721898</u>	<u>723116</u>
TOTAL FUNDS CARRIED FORWARD		<u><u>748649</u></u>	<u><u>(9574)</u></u>	<u><u>739075</u></u>	<u><u>721898</u></u>

The notes on pages 15 to 25 form part of these financial statements

PHASES SOCIAL ENTERPRISE
(A company limited by guarantee)
REGISTERED NUMBER : 04268028
BALANCE SHEET AS AT 31st DECEMBER 2020

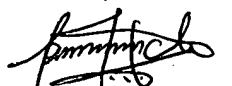
		2020		2019	
	Note	£	£	£	£
FIXED ASSETS					
Investment property	12		690000		860000
Equipment			450		548
			<u>690450</u>		<u>860548</u>
CURRENT ASSETS					
Debtors	13	2205		13241	
Cash at bank and in hand		<u>240744</u>		<u>62825</u>	
		242949		76066	
CREDITORS: amounts falling due within one year	14	<u>(24625)</u>		<u>(39379)</u>	
NET CURRENT (LIABILITIES)/ASSETS			<u>218324</u>		<u>36687</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			908774		897235
CREDITORS: amounts falling due after more than one year	15		<u>(169699)</u>		<u>(175337)</u>
NET ASSETS			<u>739075</u>		<u>721898</u>
CHARITY FUNDS					
Unrestricted funds	17		<u>739075</u>		<u>721898</u>
TOTAL FUNDS			<u>739075</u>		<u>721898</u>

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

The Trustees consider that the charity is entitled to exemption from the requirement to have an audit under the provisions of section 477 of the Companies Act 2006 ('the Act') and members have not required the charity to obtain an audit for the year in question in accordance with section 476 of the Act.

The Trustees acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements were approved and authorised for issue by the Trustees on 25th Aug 2021 signed on their behalf, by:


 Mr J Mbang


 Mr P Carstairs

The notes on pages 15 to 25 form part of these financial statements

PHASES SOCIAL ENTERPRISE
(A company limited by guarantee)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

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

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

1.2 Company status

The charity is a company limited by guarantee. The members of the company are the Trustees named on page 1. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity.

1.3 Income

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

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Trust that a distribution will be made, or when a distribution is received from the estate. Receipt of the legacy, in whole or in part, is only considered probable when an amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent assets and disclosed if material.

Donated services or facilities are recognised when the charity has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use of the charity of the item is probable and that economic benefit can be measured reliably, in accordance with the Charities SORP (FRS 102), the general volunteer time of the Friends is not recognised and refer to the Trustees' report for more information about their contribution.

On receipt, donated professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services and facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

PHASES SOCIAL ENTERPRISE
(A company limited by guarantee)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

1. ACCOUNTING POLICIES (continued)

1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributed to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributed to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Support costs are those costs incurred directly in support of expenditure on the objects of the charity and include project management carried out at Headquarters. Governance costs are those incurred in connection with administration of the charity and compliance with constitutional and statutory requirements.

Charitable activities and Governance costs are costs incurred on the charity's educational operations, including support costs and costs relating to the governance of the charity apportioned to charitable activities.

1.5 Financial instruments

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

1.6 Fund accounting

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

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

1.7 Judgements in applying accounting policies and key sources of estimation uncertainty

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.

PHASES SOCIAL ENTERPRISE
(A company limited by guarantee)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2. EXAMINERS REMUNERATION

The Independent Examiner's remuneration amounts to an Independent Examination fee of £2400 (2019-£2280)

3. STAFF COSTS

Staff costs were as follows:

	2020	2019
	£	£
Wages and salaries	<u>88650</u>	<u>76908</u>

4. INTEREST PAYABLE

	2020	2019
	£	£
On bank loans and overdrafts	<u>9459</u>	<u>24650</u>

5. INVESTMENT PROPERTY

	Equipment	Freehold Investment property £
Valuation		
As 1 January 2020		860000
Additions	669	
Depreciation	219	
Surplus on revaluation		50000
	<u>450</u>	<u>910000</u>
Sale of Property		220000
At 31 December 2020	<u>450</u>	<u>690000</u>
Comprising		
Cost		408695
Annual revaluation surplus (deficit)		
2016		230543
2017		(20401)
2018		21163
2020		50000
At 31 December 2020		<u>690000</u>

The 2020 valuations were made by the Trustees, on an open market value for existing use basis.

5a. SALE OF PROPERTY

34 Hill Road	
Sales Proceed (net)	229630
Cost	<u>220000</u>
Net Gain	<u>9630</u>

PHASES SOCIAL ENTERPRISE
(A company limited by guarantee)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

6. DEBTORS

	2020	2019
	£	£
Restricated Funds grant	-	11000
Prepayments and accrued income	2205	2241
	<u>2205</u>	<u>13241</u>

7. CREDITORS: Amounts falling due within one year

	2020	2019
	£	£
Bank loans and overdrafts	15070	17633
Other creditors	9555	21746
	<u>24625</u>	<u>39379</u>

Bank loans are secured by way of a legal mortgage over the long term freehold properties and leasehold property owned by the company as well as a fixed and floating charge over certain property and undertakings of the company.

8. CREDITORS: Amounts falling due after more than one year

	2020	2019
	£	£
Bank loans	<u>169699</u>	<u>175337</u>

The loans included within the balances above are repayable between periods 5-25 years. The applicable rate of interest on the loans are between 3.0% - 5.6%.

9. FINANCIAL INSTRUMENTS

	2020	2019
	£	£
Financial assets measured at fair value through income and expenditure	<u>240744</u>	<u>62825</u>
Financial liabilities measured at fair value through income and expenditure	<u>184769</u>	<u>192970</u>