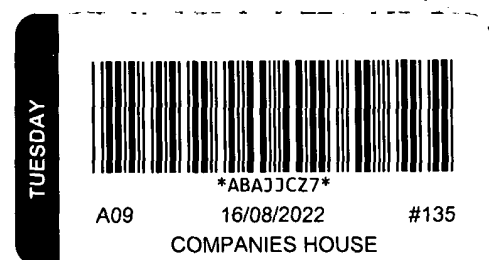


PHASES SOCIAL ENTERPRISE

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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



PHASES SOCIAL ENTERPRISE
(A company limited by guarantee)

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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 2021**

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 2021

The Trustees present their annual report together with the financial statements for the period from 1 January 2021 to 31 December 2021. 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 2021

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 2021**

Achievements and performance

a. KEY FINANCIAL PERFORMANCE INDICATORS

Rental income, which is at the core of the social enterprise model of the charity, was £180k for the year. This was down from £187k in 2020. The charity does have a longer-term plan to move slowly away from managing properties and to diversify sources of social enterprise income. It has, however, been looking at whether some of the properties that it manages should be classified as 'Exempt Accommodation' which would attract a higher level of rent (usually covered by Housing Benefit).

Unrestricted grants and donations of £13k were relatively low. This follows a recent pattern where Phases has concentrated on its 'enterprise' activities rather than grants. However, during the year we were successful in applying to the Paddington Development Trust for a grant of £20k from its EQUIP grants scheme which is partly funded through the European Union. This grant will largely be paid during 2022 and will cover the continued running of our workshop.

Our fixed assets at the end of the year were £690k, the same as 2020. Net assets were £726k, only marginally down on 2020.

b. REVIEW OF ACTIVITIES

Empty Property Renovations and Maintenance Cycle

We did not embark on any new empty property renovations during the year, primarily due to a lack of viable opportunities presenting themselves. Assessments were made on two properties in Southwark but it was decided not to proceed.

Instead we continued with a series of planned maintenance works at our various properties. This provided continuing 'on site' work experience opportunities for our trainees. Maintenance works were carried out at four of our properties during the year.

Progression of Trainees

During the year 18 trainees passed through our initial workshop training phase. They came from a variety of backgrounds. All were either in hostels or had recently moved on to their own accommodation. They included ex-service personnel, refugees and some who had drug or alcohol problems. Five trainees gained additional on-site work experience through the planned maintenance works at a number of our properties (above). This experience included: plumbing and drainage repairs; tiling; carpentry; plastering; carpet fitting; and painting and decorating.

During the year four former trainees moved into full-time employment and a further five attended trade-specific construction courses at FE colleges.

PHASES SOCIAL ENTERPRISE
(A company limited by guarantee)
TRUSTEES' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

New Build Projects

Having had our plans to launch a new build project put on hold by the pandemic, we resumed our search during 2021. Enquires about small sites were made through a number of London Local Authorities, including Southwark, Lambeth and Camden. This did, however, coincide with a resurgence amongst London local authorities of their own plans to build social housing, which meant it has become more difficult to generate conversations about small sites. We have therefore still not had any success, however we continue to follow-up leads that are passed to us with regard to privately owned sites.

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'

This is our recruitment agency-type project 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 has 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. Progress has also been made with employer engagement but Covid then intervened.

Towards the end of 2020 efforts were made to restart engagement with employers, including British Land on the nearby Canada Water regeneration and a number of construction SMEs already known to us. This work continued during 2021 with further work done to engage employers and the screening of a further 30 potential candidates. Three candidates have been placed in work through this scheme and a further two apprentices. Progress has been slow due to resource constraints but we are seeking further funding during 2022 to give this project a push.

PHASES SOCIAL ENTERPRISE
(A company limited by guarantee)
TRUSTEES' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

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 of 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 £125k. 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 2021**

c. PRINCIPAL FUNDING

The charitable company's total income for the year was £194k.

Rental income, which is at the core of the social enterprise model of the charity, was £180k. Other charitable income came through donations and the main grant income came from an 'EQUIP' grant through Paddington Development Trust.

Property Assets

The charity's freehold properties were not uplifted in value during the year. This was after consideration of valuation evidence by the Trustees.

Borrowing

The charity has secured lending with the Big Issue Investment of £163k.

These monies were originally used towards purchase of the charity's freehold assets.

Funders

We were pleased to be funded during the year through an 'EQUIP' grant which is fully funded by the European Social Fund. We would like to thank all our funders.

Volunteer Input

During the year Phases was very grateful for the input of 244 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 2021**

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.

f. RISK MANAGEMENT

The Trustees have overall responsibility for ensuring that appropriate systems of control, financial or otherwise, exists. 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 the 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

Two proposals for sites in Brockley remain on hold - one to build six flats on Brockley Road and another to convert a property on Brockley Grove and develop flats at the rear. Discussions with the landowner are likely to continue. We shall also continue to monitor any further sites put forward by Transport for London under a small sites scheme. We do have leads to a couple of property developers and links with regeneration schemes. The intention is to renew our efforts in this direction.

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'

We will continue to develop our recruitment agency-type project 'Construction Buddy'.

During 2022 we will seek additional funding for this.

(A company limited by guarantee)

TRUSTEES' REPORT

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 Kingdom Accounting financial statements in accordance with applicable law and United 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 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

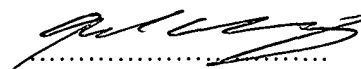
Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that;

- so far as that Trustee is aware, there is no relevant audit information of which the charitable company's accountant's 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 23rd July 2022 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 2021

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 2021

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 2021

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:

Date: 9th August 2022

Bradley Soni

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 2021

	Note	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
INCOME FROM:					
Donations and legacies/Grants	2	13530	-	13530	41200
Investments	3	180974	-	180974	163309
TOTAL INCOME		<u>194504</u>	<u>-</u>	<u>194504</u>	<u>204509</u>
EXPENDITURE ON:					
Charitable activities	4-6	206612	-	206612	246962
TOTAL EXPENDITURE	7	<u>206612</u>	<u>-</u>	<u>206612</u>	<u>246962</u>
NET EXPENDITURE BEFORE INVESTMENT GAIN/LOSSES		(12108)	(9574)	(42453)	(42453)
Net gains on investments	12	<u>-</u>	<u>-</u>	<u>-</u>	<u>59630</u>
NET EXPENDITURE BEFORE OTHER RECOGNISED GAINS AND LOSSES		(12108)	-	(12108)	17177
RECONCILIATION OF FUNDS:					
Total funds brought forward		<u>739075</u>	<u>-</u>	<u>739075</u>	<u>721898</u>
TOTAL FUNDS CARRIED FORWARD		<u>726967</u>	<u>(9574)</u>	<u>726967</u>	<u>739075</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 2021

		2021		2020	
	Note	£	£	£	£
FIXED ASSETS					
Investment property	12		690000		690000
Equipment			639		450
			<u>690639</u>		<u>690450</u>
CURRENT ASSETS					
Debtors	13	-		2205	
Cash at bank and in hand		<u>222715</u>		<u>240744</u>	
		<u>222715</u>		<u>242949</u>	
CREDITORS: amounts falling due within one year	14	<u>(22665)</u>		<u>(24625)</u>	
NET CURRENT (LIABILITIES)/ASSETS			<u>200050</u>		<u>218324</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>890689</u>		<u>908774</u>
CREDITORS: amounts falling due after more than one year	15		<u>(163722)</u>		<u>(169699)</u>
NET ASSETS			<u><u>726967</u></u>		<u><u>739075</u></u>
CHARITY FUNDS					
Unrestricted funds	17		<u>726967</u>		<u>739075</u>
TOTAL FUNDS			<u><u>726967</u></u>		<u><u>739075</u></u>

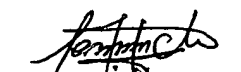
The charity's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

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.

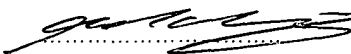
The Trustees acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

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

23rd Jan 2022



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 2021

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 2021

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 measures 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 2021

2. INCOME FROM DONATIONS AND LEGACIES

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 202 £	Total funds 2020 £
Donations/Fees/Grants	<u>13530</u>	-	<u>13530</u>	<u>41200</u>
Unrestricted funders			2021 £	2020 £
Government Grants			7567	19200
Paddington Development			5963	-
Total			<u>13530</u>	<u>19200</u>
Restricted Funds- (Deficit) Excess Foundation Grant			-	<u>(9574)</u>

3. INVESTMENT INCOME

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Investment income from investment properties	<u>180974</u>	-	<u>180974</u>	<u>163309</u>

4. DIRECT COSTS

	General Funds £	Restricted Funds £	Total 2021 £	Total 2020 £
Staff Costs	453		453	452
Rent	90160		90160	83864
Professional fees/Service Charges	969	-	969	5560
Loan interest	9093		9093	9459
Repairs and maintenance	26171		26171	38878
Electricity	1884		1884	1550
Wages and salaries	64802	-	64802	88650
	<u>193532</u>	-	<u>193532</u>	<u>228413</u>

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5. SUPPORT COSTS

	General Funds £	Total 2021 £	Total 2020 £
Printing, postage and stationery	344	344	364
Telephone	1681	1681	2071
Insurance	4219	4219	4329
Water/Rates	2546	2546	3434
Other charitable expenses	1584	1584	5640
Bank charges	166	166	213
Depreciation	140	140	98
Subtotal	<u>10680</u>	<u>10680</u>	<u>16149</u>

6. GOVERNANCE COSTS

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Examiners remuneration	2400	-	2400	2400
	<u>2400</u>	<u>-</u>	<u>2400</u>	<u>2400</u>

7. ANALYSIS OF EXPENDITURE BY EXPENDITURE TYPE

	Staff costs 2021 £	Other costs 2021 £	Total 2021 £	Total 2020 £
General Funds	64802	139410	204212	212988
Expenditure on governance	-	2400	2400	2400
	<u>64802</u>	<u>141810</u>	<u>206612</u>	<u>215388</u>

8. NET INCOME(EXPENDITURE)

This is stated after charging:

	2021 £	2020 £
Examiners remuneration- audit	<u>2400</u>	<u>2400</u>

During the year, no Trustees received any remuneration (2021-£NIL)

During the year, no Trustees received any benefits in kind (2021-£NIL)

During the year, no Trustees received any reimbursement of expenses(2021-£NIL)

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9. EXAMINERS REMUNERATION

The Independent Examiner's remuneration amounts to an Independent Examination fee of £2400 (2020-£2400)

10. STAFF COSTS

Staff costs were as follows:

	2021	2020
	£	£
Wages and salaries	<u>64802</u>	<u>60276</u>

11. INTEREST PAYABLE

	2021	2020
	£	£
On bank loans and overdrafts	<u>9093</u>	<u>9459</u>

12. INVESTMENT PROPERTY

	Equipment	Freehold Investment property £
Valuation	-	-
As 1 January 2021	669	690000
Additions	329	-
Depreciation	(359)	-
At 31 December 2021	<u>639</u>	<u>690000</u>
Comprising		
Cost		408695
Annual revaluation surplus (deficit)		
2016		230543
2017		(20401)
2018		21163
2020		50000
At 31 December 2021		<u>690000</u>

The 2021 valuations were made by the Trustees, on an open market value for existing use basis.

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13. DEBTORS

	2021	2020
	£	£
Restructured Funds grant	-	-
Prepayments and accrued income	-	2205
	<u>-</u>	<u>2205</u>

14. CREDITORS: Amounts falling due within one year

	2021	2020
	£	£
Bank loans and overdrafts	15070	15070
Other creditors	7595	9555
	<u>22665</u>	<u>24625</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.

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

	2021	2020
	£	£
Bank loans	<u>163722</u>	<u>169699</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%.

16. FINANCIAL INSTRUMENTS

	2021	2020
	£	£
Financial assets measured at fair value through income and expenditure	<u>222715</u>	<u>240744</u>
Financial liabilities measured at fair value through income and expenditure	<u>186387</u>	<u>184769</u>

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17. STATEMENT OF FUNDS

STATEMENT OF FUNDS - CURRENT YEAR

	Balance at 1 January 2021 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 1 January 2022 £
Unrestricted funds	-	-	-	-	-
General Funds - all funds	739075	194504	(206612)	-	726967
	<u>739075</u>	<u>194504</u>	<u>(206612)</u>	<u>-</u>	<u>726967</u>

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 January 2021 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 1 January 2022 £
Unrestricted funds	-	22000	(31574)	-	(9574)
General Funds - all funds	721898	182509	(215368)	59630	748649
	<u>721898</u>	<u>204509</u>	<u>(246962)</u>	<u>59630</u>	<u>739075</u>

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

ANALYSIS OF NET ASSETS BETWEEN FUNDS-CURRENT YEAR

	Unrestricted funds 2021 £
Investment property	690000
Equipment	639
Current assets	222715
Creditors due within one year	(22665)
Creditors due in more than one year	(163722)
	<u>726967</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS-PRIOR YEAR

	Unrestricted funds 2020 £
Investment property	690000
Equipment	450
Current assets	242949
Creditors due within one year	(24625)
Creditors due in more than one year	(169699)
	<u>739075</u>

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19. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM ACTIVITIES

	2021 £	2020 £
Net (expenditure)/income for the year (as per Statement of Financial activities)	(12108)	17177
Adjustment for:		
Gains on investments	-	9630
Grants, Donations and Rents from investments	194504	204509
(Increase) Decrease in debtors	11036	11036
(Decrease) in creditors	(7937)	(20392)
Revaluation - Property	-	50000
Net cash used in operating activities	<u>185495</u>	<u>271960</u>

20. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2021 £	2020 £
Cash in hand	222715	240744
Total	<u>222715</u>	<u>240744</u>

21. RELATED PARTY TRANSACTIONS

During the year under review, there were no related party transactions requiring disclosure.

22. CONTROLLING PARTY

The ultimate controlling party in the Board of Trustees.