

COMMONWEAL HOUSING LIMITED

England & Wales · Charity number 1113331

Details

Status Registered

Legal form Charitable company

Company number [05319765](#)

Registered 2006-03-20

Register [View on the Charity Commission register](#)

Contact

Address Offices 581-584
3rd Floor
Salisbury House
Finsbury Circus
London
EC2M 5SQ

Phone 020 7417 1766

Email office@commonweal.org.uk

Website commonwealhousing.org.uk

Activities

Objects: THE PROVISION OF HOUSING FOR THOSE WHO ARE IN CONDITIONS OF NEED;
AND/OR THE ADVANCEMENT OF EDUCATION AND TRAINING IN PARTICULAR (BUT WITHOUT
LIMITATION) IN RELATION TO HOUSING NEED

Activities: Commonweal is a housing based action learning charity. The charity creates and facilitates housing projects in partnership with expert delivery partners that incorporate bespoke services for occupiers enduring social injustice in order to demonstrate how these social injustices can be compassionately restored. It then shares key learning to aid others to shape and deliver future services.

Classification

- **How:** Makes Grants To Organisations, Provides Human Resources, Provides Buildings/facilities/open Space, Provides Services, Sponsors Or Undertakes Research
- **What:** General Charitable Purposes, Education/training, Accommodation/housing
- **Who:** Children/young People, Elderly/old People, People With Disabilities, People Of A Particular Ethnic Or Racial Origin, Other Charities Or Voluntary Bodies, Other Defined Groups

Geography

- **Area of benefit:** NOT DEFINED. IN PRACTICE LONDON BOROUGHS.
- Throughout England

Finances

Period end	Income	Expenditure	Assets	Employees
2024-12-31	£1,000,605	£1,012,329	£10,391,094	8
2023-12-31	£1,064,827	£1,018,301	£10,155,578	8
2022-12-31	£876,756	£795,676	£9,928,526	7
2021-12-31	£895,777	£973,786	£10,954,454	6
2020-12-31	£1,020,086	£918,464	£5,366,257	6

Trustees

Name	Role	Appointed
Amarjit Bains	Chair	2020-12-14
Colette Elizabeth Shields		2025-12-10
Dr Elanor Joan Petra Warwick		2022-12-14
GARABED SHANT MEDAZOUMIAN		
Gerald Kelly		2024-03-13
JOHN AULD MACTAGGART		2016-06-13
JONATHAN DANIEL PORTES PROFESSOR		2017-03-13
Nezahat Cihan		2025-12-10
Russell Scott Edwards		2017-03-13
Sheldon Chester Shillingford		2020-12-14

COMMONWEAL HOUSING LIMITED

England & Wales - Charity number 1113331

Accounts

Charity No. 1113331
Company No. 5319765

COMMONWEAL HOUSING LIMITED
(a company limited by guarantee)

AUDITED REPORT AND FINANCIAL
STATEMENTS

For the year ended 31 December 2024

Commonweal Housing Limited

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2024

CONTENTS	PAGE
Legal and administrative details	3
Report of the Trustees	4
Independent auditors' report	12
Statement of financial activities	15
Balance Sheet	16
Cash Flow Statement	17
Accounting Policies	18
Notes of the financial statements	20

LEGAL AND ADMINISTRATIVE DETAILS

Company registration number: 5319765

Charity registration number: 1113331

Principal address: Unit 521, SPACES
35 New Broad Street
London EC2M 1NH

Registered office: 2 Babmaes Street
London SW1Y 6HD

Patrons: Sir John Mactaggart Bt
The Rt.Hon. Baroness Jean Corston
The Rt. Hon.Fiona Mactaggart

Directors and Trustees: Jack Mactaggart (Chair until 11.12.24)
Amarjit Bains (Chair from 11.12.24)
Gary Medazoumian FCA
Prof. Jonathan Portes
Russ Edwards
Sheldon Shillingford
Dr Elanor Warwick
Aphra Mactaggart
Gerald Kelly (appointed 13.3.24)

Secretary: Gary Medazoumian FCA

Strategic Leadership Team: CEO Ashley Horsey
Deputy CEO Amy Doyle

Bankers: Barclays Bank plc
7th Floor,
180 Oxford Street
London BX3 2BB

Solicitors: Broadfield LLP
One Bartholomew Close,
London EC1A 7BL

Auditors: Price Bailey LLP
24 Old Bond Street
London
W1S 4AP

COMMONWEAL HOUSING LTD - REPORT OF THE TRUSTEES

For the year ended 31 December 2024

INTRODUCTION

The Trustees, who act as directors for the purposes of the company law, present their report and financial statements for the year ended 31 December 2024.

Commonweal Housing is an independent action learning charity, working to investigate, pilot and champion housing-based solutions to social injustice. We provide experts and partner organisations with the opportunity to trial and test new approaches designed to enhance housing equality and justice. We enable and facilitate them to develop and test their new and imaginative housing-based services.

We support project partners by seeking to provide the right housing in the right place to give their pilot projects the best chance of succeeding. In addition, Commonweal uses more of its charitable resources to fund early-stage research and feasibility studies for emerging areas of injustice or potential solutions, as well as commissioning independent evaluation to capture the learning from our property based pilot projects. We then work to share the learning widely to influence future policy, practice, and delivery.

Commonweal has developed and continues to deliver an innovative model of social investment leveraging the capacity and funding available to the charity through funds secured from a growing range of impact investors. By positioning ourselves at the heart of the social investment and project delivery relationship we are able to insulate both investors and front-line delivery partners for risk. The social investment deals and the new ideas and pilot projects this funding supports would simply not occur if Commonweal were not there

We aim to achieve impact from the lessons learnt from the work we support. Commonweal will work with project partners, national bodies, academics, campaigners, journalists, central and local government directly and in partnership to do this.

Whilst a fully independent charity, the links to the philanthropic legacy and works of the Mactaggart family are a proud part of Commonweal's lineage and we are delighted that Aphra Mactaggart agreed to join the Board in 2023. Towards the end of 2023, the Board undertook a round of external recruitment to further strengthen the Board and we are delighted that Gerald Kelly a housing and development specialist lawyer accepted the Board's invitation to join. Gerald was formally appointed as a Trustee of the charity and Director of the company in March 2024.

At the end of 2024 our Chair, Jack Mactaggart announced he would step aside from that role, whilst remaining as a Trustee of Commonweal due to other work and family commitments. The Board is very grateful to Jack for all he has done during his tenure as Chair of the Board and are delighted he will remain on the Board. The Board were unanimous in their decision to appoint Amarjit Bains, the previous Vice Chair, to step up as the new Chair of the Board of Trustees a role she commenced in December 2024. Long standing Trustees, Russ Edwards has been appointed as the new Vice Chair, commencing his role in January 2025.

The Board of Commonweal recognise again the ongoing support and increased backing from the Directors of Grove End Housing, a not-for-profit property company, our principal benefactor. We appreciate the trust and faith they continue to put in Commonweal.

The Board thank the staff of the Charity for their dedication in delivering Commonweal's work and especially thank our Finance Manager, Fredericka (Fred) Marquis for her hard work in putting these accounts together.

2024 Marked the mid-point of our current three-year business strategy which contains within in a focus on a smaller range of social policy and injustice areas; raising our own knowledge and enabling the charity increasingly to become an informed commentator, influential partner and beneficial voice.

The Board has set the following priority social justice themes:

- **Criminal justice system** – focussed on specific groups such as: youth justice, over-representation of BAME individuals, mental health issues
- **Young adults, youth homelessness and those facing difficult transitions to adulthood**
- **Migration, Asylum and Trafficking** – incorporating areas of work around asylum, migration, modern-day slavery as well as human trafficking

Commonweal will continue to use its voice, its resources, partnerships, and its energy to highlight the importance to people's lives of safe, stable, secure, and accessible housing.

Commonweal is a social injustice housing-based action learning charity

COMMONWEAL HOUSING LTD - REPORT OF THE TRUSTEES

For the year ended 31 December 2024

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Charity is a charitable company limited by guarantee and a registered charity. It is governed by its Memorandum and Articles of Association (as amended). These provide for one third of the Trustees to retire at each Annual General Meeting. The minimum number as set out in the Memorandum and Articles of Association is three and the quorum is set at two Trustees.

For the four formal Board meetings in 2024 Commonweal has been Chaired by Jack Mactaggart; he did step down at the end of the December 2024 meeting handing over the role to Amarjit Bains. Commonweal continues to hold in person Board meetings to better facilitate discussion, engagement and build team relationships and dynamics amongst trustees and with the staff team.

The Board has set out a skills matrix identifying the core skills, knowledge and competencies felt to be necessary to provide suitable oversight, governance, and guidance to the charity. The Charity has in place a program for the induction and training of new Trustees as well as ongoing training and conference opportunities for all Trustees. In 2025, the Board will commission an external governance review to provide assurance that the processes and governance structure we have in place remains appropriate and fit for purpose.

The Board is the administrative and governing body and meets four times a year, ensuring and monitoring that the Charity is performing well, is solvent and complies with all its obligations. The Board has ensured that appropriate trustee indemnity insurance is in place.

Organisational structure and decision-making

The Board is responsible for the policy and strategy of the Charity, ensuring the long-term sustainability of the organisation along with its financial and legal probity.

The Chief Executive, Ashley Horsey, is responsible for implementing policies and strategies approved by the Board and for progressing organisational objectives and leading operational delivery by the staff team.

The Board consider the strategic leadership team of the charity to consist of the Chief Executive and the Deputy Chief Executive, Amy Doyle, who under FRS102 constitute the key management along with the trustees.

The Board has established one committee the People & Governance Committee. The P&G Committee meets not less than three times per annum; once in the spring focussing primarily on HR and employment matters; once in the summer looking at governance issues and once in the autumn as part of the budget preparation cycle. This autumn meeting recommends any changes to remuneration for staff, including remunerated key management personnel, to the Board for their December budget-setting meeting for the forthcoming year.

OBJECTIVES AND ACTIVITIES

The Charity's charitable objects are the provision of housing for those who are in conditions of need and the advancement of education and training (but without limitation) in relation to housing need.

We deliver our objects via four core work streams plus a growing role as thought leaders, honest brokers, and a platform for discussion around housing and social injustice:

Property (acquisition) based medium to long term (5-10 year) action learning projects where the major investment by Commonweal is in the provision of the bespoke housing – using our existing capital or revenue funds as well as social investment funding. These cornerstone projects are aimed at thoroughly testing a new model or service. In 2024 we did not commence any new acquisition projects but took steps to line up a number of projects we hope to come to fruition in 2025, some using Commonweal own recycled capital funding from the sale of ex-project properties and others from attracting further new social investment. These new property-based projects will be in the west Midlands, Belfast (two projects) and back in London.

In 2024 we concluded the sale of the last of the Move on Up properties, a project initially started in 2017, and wrapped up the final redemption of all investment funds to our four social investors in that project.

COMMONWEAL HOUSING LTD - REPORT OF THE TRUSTEES

For the year ended 31 December 2024

Independent evaluation of the property based pilot projects we support capturing the learning whether the initial model succeeds or not. We, and our partners then share that learning widely to help others benefit from what works to encourage replication and further expansion or, just as importantly, to clarify if or why pilot projects did not work as hoped to help others avoid making the same mistakes.

Short term initial feasibility studies undertaken by others using Commonweal's revenue funding. Such early-stage studies are designed to give prospective partners the capacity and resources to explore a new or emerging idea they have where they feel it might lead to a housing-based solution and therefore may become a formal Commonweal property-based pilot project. In 2024 we undertook a *Call for New Ideas* funding programme inviting feasibility study proposals specifically focussing on youth homeless. Then later in the year we did the same for our final strategic theme area of housing and social injustice issues associated with migration, asylum and trafficking. Each Call for New Ideas was shaped and guided by independent expert horizon scanning research undertaken on behalf of Commonweal. All these reports are shared on the Commonweal Housing website

Short term research – our research funding programme, started in 2022; the major piece of work delivered in 2024 was an influential report entitled *No Access; No Way Out* – by leading independent research Becky Rice. This report looking at the shortage of move-on accommodation for single people moving on from hostels or other supported housing settings. This important issue has and continues to prompt debate and discussions across the sector. Commonweal will continue to enable and facilitate ongoing debate and promotion of the research recommendations.

Influencing policy and practice through effective dissemination and promotion of the findings from our own projects and studies but also offering a platform and promoting the thoughts and ideas of practitioners and experts in the fields of housing and social injustice.

In addition to these core work streams we will also consider further opportunities for small-scale direct social investment where this will help meet our charitable objectives. Commonweal currently has one direct social investment deal in place with Action Foundation a migrant and refugee support charity in Newcastle. Our 10-year investment term runs through to 2027.

Delivering our strapline 'housing solutions to social injustice'- The Commonweal: Theory of Change

- Commonweal will focus on those activities, proposals, issues, groups and injustices that are at the margins, overlooked or ignored by many mainstream funders.
- Commonweal remains willing and able to use our independent, philanthropic charitable resources to support what are sometimes seen as difficult, unpopular or intractable issues – we are clear that if we are not willing and able to, then who will?
- We are fortunate in not being financially dependent upon public donations or public sector contracts. This gives us freedoms and opportunities.
- We are financially robust and able to be brave in the decisions we take, the issues we support and the projects we back.
- Success of the projects we support and the initiatives we enable to be tested, whilst welcomed, is not our primary aim or metric of success. Capturing the learning that has delivered that success or understanding and sharing the lessons learnt if things do not deliver as expected is our main priority – shaping and informing future activity tackling social injustice is our key objective.
- Commonweal Housing was established with the aim of providing the housing to enable front line delivery organisations to develop and pilot new housing solutions to social injustice; capturing the learning from those pilot projects and sharing it widely to help others learn from both the successes and the failures to shape future service delivery and policy development.
- We will enable the provision of this housing in a range of ways including direct purchase, leasing and revenue support to partners or other investors.
- To support new housing projects, we also fund early stage feasibility studies and project related research to give new ideas the best chance of succeeding as pilot projects. We also fund wider research to increase

COMMONWEAL HOUSING LTD - REPORT OF THE TRUSTEES

For the year ended 31 December 2024

our own knowledge base and crucially independent evaluation of pilot projects; capturing the learning which we then share widely to shape future activity.

- In sharing the learning from projects, we will also build and share networks of interest; encouraging relationships and communications between those we are engaged with where they may help each other.
- To encourage, support and enable project partners to use their own expert voice to share learning, promote findings and campaign for change – Commonweal will aid and bring our expertise as required or as requested.
- We want, aim and expect to achieve impact from our charitable activity. We recognise that impact may take many forms from direct replication, to promotion of good practice, highlighting ongoing areas of injustice and lobbying for policy, operational or funding changes.
- Engaging evaluation of projects is fundamental to who Commonweal are; evaluating our own performance and input is a core part of that.
- At our heart we are a housing based social justice and action learning charity.

Social Investment:

Commonweal has been at the forefront of the innovative use of social investment funding for over 12 years now. With partners we have created an investment model to support our action learning projects, developing a social investment structure that gives investors the opportunity and comfort to invest in new pilot and untested initiatives, ideas, projects, and in front-line organisations that would not normally pass muster with their investment committees on their own merits. We are grateful to those social investors that have trusted us with their money but have also given us their skills and expertise in providing strategic guidance to our action learning projects. We remain grateful to the Esmee Fairbairn Foundation, Trust for London, City Bridge Trust, Better Society Capital, Cheyne Capital, Quaker Social Action and The Monday Charitable Trust, GEHL and the high net worth individuals for supporting us.

Whilst we were unable to conclude the Gateway: Base for Success project first muted in 2023 despite having a positive response from investors, we continue to seek new social investment for delivery of our upcoming project pipeline. Our latest ventures we hope to come to fruition in 2025 including a further £1M+ investment from long standing friends the Esmee Fairbairn Foundation.

The key activities and projects for the year along with details and copies of any reports supported by Commonweal can be found on our website: www.commonwealhousing.org.uk

FINANCIAL REVIEW

We are very fortunate to have a long- standing partner and principal benefactor, Grove End Housing Limited, who continue to provide our core revenue funding. In addition, Commonweal receives rental income on its residential property portfolio which aligns with the increase in Local Housing Rates.

In 2024 GEHL revenue funding accounted for 58% of income excluding a gain on disposal of tangible fixed assets (2023 56%); and rental income 40% (2023 35%).

In 2024 in addition to selling the final properties for the Move On Up project to redeem the social investment loan notes secured against them, Commonweal commenced the agreed sale of former Commonweal funded project properties to release the capital which is to be used for acquisition of new project property acquisition over the course of 2025. This is reflected in the fall in tangible fixed assets to £10,476,427 (2023 £12,540,188). The capital from sales is also reflected in the year-end cash holding whilst we await new property Acquisitions in 2025 £2,198,865 (2023 £657,757)

The Trustees consider the results of income from our residential property portfolio and the continued support from Grove End Housing and the overall reduced expenditure disclosed on the following pages to be satisfactory.

Public benefit statement

The Board confirm that they have complied with the duty in the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission. Further information regarding the Charity's activities, public benefit and impact are presented in its Annual Impact Review, which is available on its website. <http://www.commonwealhousing.org.uk/>.

COMMONWEAL HOUSING LTD - REPORT OF THE TRUSTEES
For the year ended 31 December 2024

Risk management and principal risks and uncertainties

The Trustees have assessed the major risks to which the Charity is exposed and are satisfied that systems are in place to mitigate exposure and consequences of key risks. The Trustees consider and review the core strategic and operational risks facing the charity regularly throughout the year at Board meetings including the controls and mitigations in place to address or ameliorate these risks and note any new information from the Executive.

In addition, the Board hold an annual risk workshop in February to ensure appropriate oversight and consideration of this issue

The Board, many of whom are relatively new to Commonweal over the last 3 years or so have taken time to consider what they perceive as the core corporate risks that if they were to materialize would mean Commonweal would potentially imperil the future of the charity and / or would indicate our not delivering our charitable aims and objectives. The 6 key risk areas are set out below:

	Key Risk Area	Key responsibility	Controls and mitigation	Residual Risk Score 6 or more = High and therefore warrants specific ongoing monitoring	Risk Appetite: - Averse/none - Minimal/low - Cautious/limited - Open/high - Hungry/significant Narrative Comment
A	<u>Financial Security:</u> Recognising the limited source of income received (GEHL grant and rental income) and considering ongoing certainty and exploring potential for further income diversification	Board	Ongoing and positive engagement with GEHL by CEO and Chair. GEHL's change in their own rules over recent years gives CWH further comfort on funding.	4	Cautious/limited Maintaining independent financial security is important to give CWH freedoms to have a more open attitude to new project risks.
B	<u>Business Continuity:</u> Primarily focused on small staff team; but specifically including loss of organisational memory or knowledge if long-term staff and colleagues leave (need for knowledge transfer protocols).	CEO	Office and technological processes and backups in place if ever needed. Coverage across the current staff team for short-term covering of any vacancies or staff unavailability including Deputy CEO Role and key personnel insurance cover in place. Remote working protocols and arrangements in place if central office not available. Close liaison between senior staff and extensive use of shared electronic files.	4	Cautious/limited Board have limited appetite for risks that put business continuity in peril and support mitigations and controls accordingly.
C	<u>Board Experience:</u> Recognition that the Board has changed over recent years and to consider against current skills mix needed.	Board	New appointments made against current Board Skills Matrix. Reviewed in 2024 to ensure it contains the correct mix of skills and experience needed. Induction for new Trustees and ongoing training and development opportunities available.	4	Cautious/limited Board have commissioned an external governance review to provide guidance and assurance on this and wider governance oversight

COMMONWEAL HOUSING LTD - REPORT OF THE TRUSTEES
For the year ended 31 December 2024

D	Reputation: Seen as key for attracting new social investment, new project proposals and for impact of messaging and communications of lessons learnt from projects, research and evaluations.	Board / CEO	Regular engagement with project, investment and research partners to ensure Commonweal delivering against expectations. High quality and regular comms outputs.	4	Open/high The Board wish to use its relative financial freedoms to take calculated risks on projects and pursuing issues others might be unwilling or unable to support. Core part of CWH's DNA
E	Delivering Housing Projects: Reaffirmed by the Board as the key purpose of the charity, therefore failure to develop and deliver new projects would be failure to deliver our charitable objectives	Board / CEO	Project Team overseen by the Deputy CEO continues to ensure close engagement with project partners. Additional staffing capacity in 2022 More proactive property inspection and oversight regime being reinstated by Consultant Surveyor and other Commonweal staff.	6	Open/high Desire to use freedoms to work imaginatively to support new housing-based projects, open appetite for working with new and smaller organisations where feasible
F	Achieving Impact: Reaffirmed by the Board as the key ambition of the charity; utilising the learning achieved from pilot projects, feasibility studies and research to change actions and activities by others. No clear definition of what 'impact' means as this is considered for each project individually and may change as learning emerges	Board / CEO / DCEO	Increased clarification of evaluation expectations, and learning ambitions set out in new project partner documentation. Early stage input from CWH Policy & Comms team to help shape likely policy route Clarity that project delivery 'failure' is not of itself failure on the part of CWH or project partners therefore fostering open and positive dialogue throughout project phase and engagement with external experts to identify key learning targets and those that need to know to achieve positive impact.	4	Minimal/low Notwithstanding high and open appetite for the sort of work we do or projects we support, the Board are focused on and have a low appetite for failing to capture the new learning to be gained and achieving maximum impact with that learning to influence future policy, practice and service delivery

Below these core strategic risks, the Board, at their February 2025 risk workshop, also identified 15 key operational and ongoing business as usual risk areas which will be included in the regular risk monitoring by the Board. These include issues such as property valuation; cashflow; working with smaller and newer delivery partner charities; property maintenance and insurance cost escalation; mission drift and distraction; emerging legislation; through to employment and property compliance. These have also been assessed on a residual risk basis taking in to account current controls and mitigations along with an assessment of current RAG rating and the Board's risk appetite in these areas.

COMMONWEAL HOUSING LTD - REPORT OF THE TRUSTEES

For the year ended 31 December 2024

Reserves Policy

It is the policy of the Charity to maintain a proportion of its reserves in a readily realisable form to ensure that its core activity could continue during a period of unforeseen difficulty. The Trustees consider readily realisable reserves to be the amount of reserves that are easily converted into cash without the need for property disposals.

The Trustees assess the required level of reserves on an annual basis alongside its operating budget. This assessment considers the risks associated with each stream of income and expenditure varying from budget, its planned activity level, commitments to repay the loans secured on its properties and the need to keep sufficient bank balances to be able to manage the day-to-day fluctuations of receipts and payments

In December 2024, the reserves policy was reviewed by the Trustees who felt a continuation of a readily available cash reserve figure of a minimum of £250k to be appropriate. The actual cash reserves at the 31 December 2024 were £2,198,865. The general reserves level is well above the policy minimum giving a good source of working capital including headroom for acquisition of new project property in 2025.

As at 31st December the Charity's total reserves stood at £10.39M (2023: £10.15M) as set out in detail in note 13. Of this total figure 86% (2023: 94%) is included in the Designated Property Fund, represented by the functional assets of the Charity, which can only be realised by disposing the Charity's freehold and long leasehold properties.

Property Revaluation and Depreciation Policy

In 2021 the Trustees agreed all fixed assets of the same class, (i.e., properties) to be revalued using external professional valuations each year. 2023 is the third year where the new property revaluation policy applied in the accounts for all properties, The figures reflect these changes and the property market at present.

The Trustees also reviewed the policy on the treatment of depreciation on properties and agreed not to depreciate properties. Further details are stated on the Notes section of the accounts on Fixed Assets and Depreciation.

Commonweal Trustees regularly consider options available to it to utilise its general reserves to further the charity's aims and objective. This has in the past (and may do so again in the future where suitable schemes are identified) included undertaking direct mission related investment.

COMMONWEAL HOUSING LTD - REPORT OF THE TRUSTEES

For the year ended 31 December 2024

PLANS FOR FUTURE PERIODS

Key priority in 2025 is to conclude the property acquisitions for the Servol, HAPANI and Depaul Northern Ireland projects utilising both recycled capital funds from sale of ex-project stock and new social investment. The charity also plans to bring back a number of other former project properties from current management agents who have been using them as temporary accommodation for households nominated by a range of London Boroughs – a very definite positive social use in line with our aims and objectives. The Board, however, wish to ensure these are used more directly for new action learning pilot projects so plans are progressing to make that happen over the next 12 – 18 months.

Trustees' Responsibilities for the Financial Statements

The trustees (who are also directors of Commonweal Housing Limited for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the 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 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 the 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 2019 (FRS 102);
- ▶ state whether applicable UK Accounting Standards have been followed
- ▶ make judgements and estimates that are reasonable and prudent; and
- ▶ prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Charity 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.

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

Disclosure of Information to Auditors

Each of the trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditors are aware of such information.

Auditors

A resolution proposing the reappointment of Price Bailey LLP will be put to the next Annual General Meeting.

Small companies note

In preparing this report the Trustees, who are also the directors, have taken advantage of the small companies' exemptions provided by section 415A of the Companies Act 2006.

ON BEHALF OF THE BOARD OF TRUSTEES

Trustee



18 June 2025

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE COMMONWEAL HOUSING LIMITED

Opinion

We have audited the financial statements of Commonweal Housing Limited for the year-ended 31 December 2024 which comprise the statement of financial activities, the balance sheet, the cash flow statement, 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 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 December 2024 and of the charitable company's net movement in funds, including the 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 charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the 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. The other information comprises the information included in the Report of the Trustees. 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.

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 matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken during the audit:

- the information given in the Report of the Trustees (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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE COMMONWEAL HOUSING LIMITED

-
- the directors' report included within the Report of the Trustees has 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 during the audit, we have not identified material misstatements in the Report of the Trustees (which incorporates the directors' 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 by the charitable company; or
- the charitable company 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; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 12, 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 gained an understanding of the legal and regulatory framework applicable to the Charitable Company and the sector in which it operates, and considered the risk of the Charitable Company not complying with the applicable laws and regulations including fraud in particular those regulations directly related to the financial statements, including financial reporting, and tax legislation. In relation to the operations of the Charitable Company this included compliance with the Companies Act 2006, Charities Act 2011 and SORP 2019.

The risks were discussed with the audit team and we remained alert to any indications of non-compliance throughout the audit. We carried out specific procedures to address the risks identified. These included the following:

Reviewing minutes of Board meetings, reviewing any correspondence with the Charity Commission, agreeing the financial statement disclosures to underlying supporting documentation, and making enquiries of management and officers of the Charitable Company. We procedures in place for the reporting of any incidents to the Trustee Board including serious incident reporting of these matters as necessary with the Charity Commission and a review of legal fees during the period.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE COMMONWEAL HOUSING LIMITED

Management override: To address the risk of management override of controls, we carried out testing of journal entries and other adjustment for appropriateness. We also assessed management bias in relation to the accounting policies adopted and in determining significant accounting estimates.

Because of the inherent limitations of an audit, there is the risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involved intentional concealment, forgery, collusion, omission or misrepresentation.

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.

Price Bailey LLP

Michael Cooper-Davis FCCA ACA (Senior Statutory Auditor)
for and on behalf of
Price Bailey LLP
Chartered Accountants
Statutory Auditors

24 Old Bond Street
London
W1S 4AP

Date: 16 July 2025

Commonweal Housing Limited

STATEMENT OF FINANCIAL ACTIVITIES (Including Income and Expenditure Account) For the year ended 31 December 2024

	Note	2024	2023
		£	£
Income from:			
Donation and legacies	2	600,000	600,000
Charitable activity - rental income		415,413	375,719
Other income		1,750	84,288
Investment income		23,717	5,325
(Loss) /Gain on disposal of fixed assets		(40,275)	(505)
Total		<u>1,000,605</u>	<u>1,064,827</u>
Expenditure on			
Charitable activities	3	<u>1,012,329</u>	<u>1,018,301</u>
Total		<u>1,012,329</u>	<u>1,018,301</u>
Net income/expenditure before amortisation adjustments		(11,724)	46,526
Amortisation charges on loan notes	13	<u>(43,135)</u>	<u>(72,474)</u>
Net expenditure		(54,859)	(25,948)
Gain / (Loss) on revaluation of fixed assets	6	<u>290,375</u>	<u>253,000</u>
Net movement in funds		235,516	227,052
Funds brought forward		<u>10,155,578</u>	<u>9,928,526</u>
Funds carried forward		<u>10,391,094</u>	<u>10,155,578</u>

The notes numbered 1 to 15 form part of these financial statements.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006. All of the income and expenditure relates to continuing activities.

COMMONWEAL HOUSING LTD

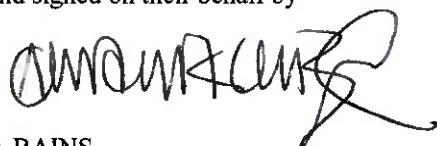
Balance Sheet as at 31 December 2024

	Notes	2024 £	2023 £
Fixed assets			
Tangible assets	6	10,476,427	12,540,188
Programme related investment	7	82,116	80,366
Other unlisted investment	8	1	1
		<u>10,558,544</u>	<u>12,620,555</u>
Current assets			
Debtors	9	58,494	53,579
Cash at bank and in hand		<u>2,198,865</u>	<u>657,757</u>
		2,257,359	711,336
Current Liabilities			
Creditors: amounts falling due within one year	10	(788,649)	(168,359)
Loan notes: amounts falling due within one year	12	-	(1,391,012)
Net current liabilities		<u>(1,468,710)</u>	<u>(848,035)</u>
Total assets less current liabilities		12,027,254	11,772,520
Creditors: amounts due more than one year			
Loan notes	12	(1,576,160)	(1,546,942)
Grants	11	<u>(60,000)</u>	<u>(70,000)</u>
Net assets		<u>10,391,094</u>	<u>10,155,578</u>
Income funds			
Unrestricted funds:	13		
- Designated Property Fund		8,900,267	9,602,234
- Programme related Investment		82,116	80,366
- General Fund		<u>1,408,711</u>	<u>472,978</u>
Total funds		<u>10,391,094</u>	<u>10,155,578</u>

The notes numbered 1 to 15 form part of these financial statements.

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

The accounts were approved and authorised for by the Board of Trustees 18 June 2025 and signed on their behalf by



A BAINS
Director/Trustee & Chair of the Board of Trustees



G S MEDAZOUMIAN
Director/Trustee

COMMONWEAL HOUSING LTD

Cash Flow Statement

For the year ended 31 December 2024

	2024	2023
	£	£
Net movement in funds	235,516	227,052
Deduct: investment income receivable	(23,717)	(5,325)
Add back/(Deduct): revaluation of fixed assets	(290,375)	(253,000)
Add back: Amortisation adjustment	43,135	72,474
Deduct: Interest paid	(37,426)	(106,525)
Add back: gain on disposal of fixed assets	40,275	505
Add back: depreciation	787	2,409
Increase/decrease in debtors	(4,916)	38,251
Increase/decrease in creditors	620,290	(589,145)
Decrease in grants	(10,000)	(20,000)
Net cash provided by operating activities	<u>573,569</u>	<u>(633,304)</u>
Cash flows from investing activities		
Investment income received	23,717	5,325
Proceeds from disposal of fixed assets	2,271,990	500,000
Add back: charges on property sale	35,685	8,252
Cash paid in respect of tangible fixed assets	3,650	(1,663)
	<u>2,335,042</u>	<u>511,914</u>
Cash flows from financing activities		
Loan notes repaid in the year	<u>(1,367,503)</u>	<u>(488,001)</u>
(Decrease) / increase in cash and cash equivalents in the year	1,541,108	(609,391)
Cash and cash equivalents at the start of the year	<u>657,757</u>	<u>1,267,148</u>
Cash and cash equivalents at the end of the year	<u>2,198,865</u>	<u>657,757</u>

Analysis of cash and cash equivalents and net debt

	01-Jan 2024	Cash flows	Amortisation and loan interest movements	31-Dec 2024
Cash	657,757	1,541,108	-	2,198,865
Loans notes	(2,937,954)	1,367,503	(5,709)	(1,576,160)
	<u>(2,280,197)</u>	<u>2,908,611</u>	<u>(5,709)</u>	<u>622,705</u>

COMMONWEAL HOUSING LTD

NOTES TO THE FINANCIAL STATEMENTS – ACCOUNTING POLICIES

For the year ended 31 December 2024

NOTE 1 – ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with applicable law 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) (second edition, effective 1 January 2019) - (Charities SORP (FRS 102)), and with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). The financial statements are presented in sterling and figures are rounded to the nearest £.

The charity 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 note(s).

ENTITY STATUS

Commonweal Housing Limited is a private charitable company limited by guarantee and meet the definition of a public benefit entity as defined by FRS102. Further details of its company and charity registration are given on page 3.

GOING CONCERN

The Trustees have prepared cash flow forecasts for the period of at least 12 months from the date of approval of these financial statements which indicate that the charity will have sufficient funds, through continued funding from its principal benefactor, Grove End Housing, to meet its liabilities as they fall due for that period. Accordingly, the financial statements are prepared on a going concern basis and the Trustees do not consider there to be any material uncertainty in connection with the charity's ability to continue to operate.

ESTIMATION UNCERTAINTY AND JUDGEMENTS

The directors consider the principal areas of estimation uncertainty and judgement to be the valuation of property and the valuation of the related loan notes for socially funded properties.

INCOME

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

Properties transferred to the charity by way of gift are recognised at fair value at the date of transfer.

EXPENDITURE

All expenditure relates to charitable activities and includes direct costs, indirect support costs and governance costs. Governance costs, which are the statutory and organisational costs of operating the charity as a legal entity.

Grants payable in furtherance of the charity's objects are recognised as expenditure when payment is due to the partner organisation, in accordance with the terms of the funding agreement. Standard funding agreements are typically for a year's duration or less, but can span several years. The funding agreements contain conditions, the fulfilment of which is under the control of Commonweal. For funding agreements in place at the year-end that include payments to be made in future years, where conditions attached to their payment limit their recognition as current liability, these payments are disclosed in Note 12 to the financial statements as commitments.

COMMONWEAL HOUSING LTD

NOTES TO THE FINANCIAL STATEMENTS – ACCOUNTING POLICIES

For the year ended 31 December 2024

PENSION CONTRIBUTIONS

Contributions in respect of personal pension schemes are included in the statement of financial activities for the year in which they are payable to the scheme.

FIXED ASSETS AND DEPRECIATION

Assets with a useful economic life exceeding one year are initially recognised at costs where they are purchased or a fair value at the time of transfer in respect of assets where they are donated. The fair value of such assets is treated as a deemed cost.

All property assets are restated at their fair value at the balance sheet date three months after acquisition. The fair value is determined by the Trustees with reference to the average of two different comparative medium range desktop valuation data along with professional valuations of certain properties and having regard to any actual transactions. The policy of revaluing all properties has applied since 2021.

Depreciation is provided on all tangible fixed assets, except properties at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life, as follows: -

- | | |
|---|--|
| A) Freehold and long leasehold buildings | - No depreciation from 2021 |
| B) Socially funded freehold and leasehold buildings | - No depreciation from 2021 |
| C) Computer and other equipment | - 20% per annum on a straight-line basis |

Expenditure on refurbishment works and associated costs on making the charity's freehold and leasehold properties project ready for occupation is written-off as incurred. The trustees consider that it appropriate not to charge depreciation as the property is maintained in reasonable condition and valued annually.

PROGRAMME RELATED INVESTMENTS

Programme related investments are stated at transaction value less any provision for impairment required. In accordance with the Charities SORP they are not restated at fair value.

LOAN NOTES

Loan notes represent finance obtained from Social Investors. The Social Investors' return includes not only a market rate of interest but an additional final payment equal to an agreed percentage of the gain made on disposal of the related property. The loan notes are treated accounted for under section 12 of FRS102 and the final contractual return to the lender/investor is neither a fixed rate or amount, nor a variable rate linked to a single observable interest rate or index of general price inflation, though the annual payments on some loans are subject to a CPI uplift. The loan notes contain non-financial variables specific to a party to the contract such as the potential future value and condition of the property which may affect the final contractual return. In accordance with section 12 the Trustees have therefore used the amortised cost model to value the loan notes. This calculation considers the most recent expected cash-flows based on external valuations agreed payments to the lenders. The actual redemption values of the loan notes are likely to differ from the estimated cashflows recorded at the preceding balance sheet date and this will result in a further amortisation adjustment in the year of redemption.

FUNDS

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure, which meets these criteria, is charged to the fund. There were no such funds in either year.

Unrestricted funds are donations and other income received or generated and are expendable at the discretion of the Trustees in furtherance of the charity's objectives. Designated funds are unrestricted funds earmarked by the Trustees.

COMMONWEAL HOUSING LTD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

2. DONATIONS AND LEGACIES

	2024 £	2023 £
Donations		
Grove End Housing	600,000	600,000

3. EXPENDITURE

	Staff costs £	Other costs £	2024 Total £
Charitable Activities - 2024			
Direct and support costs	456,290	570,224	1,026,514
Re-allocation loan note interest	-	(43,135)	(43,135)
Governance costs	-	28,950	28,950
	<u>456,290</u>	<u>556,039</u>	<u>1,012,329</u>

	Staff costs £	Other costs £	2023 Total £
Charitable Activities - 2023			
Direct and support costs	434,323	649,884	1,084,207
Re-allocation loan note interest	-	(103,106)	(103,106)
Governance costs	-	37,200	37,200
	<u>434,323</u>	<u>583,978</u>	<u>1,018,301</u>

Direct and support costs represent the cost of provision of the core activities of the charity: delivering housing solutions and understanding housing needs including the associated support costs to deliver these activities. £570,314 (2023 £649,884) under other costs above relates to the charities main core activities as follows: -

	2024 £		2023 £	
Property related project costs	230,573	44%	321,643	59%
Feasibility Studies and Grants to partners	147,552	28%	148,548	27%
Learning and Sharing	-	0%	6,508	1%
Office related operational costs	148,964	28%	70,079	13%

Governance costs relate to the direct costs associated with the effective governance of the charity. These include audit fees and accountancy £26,045 (2023: £33,954), Company Secretarial £81 (2023: £26) and other governance costs of £2,824 (2023: £3,220).

Net income is after charging depreciation on the fixed assets of £787 (2023: £2,409).

COMMONWEAL HOUSING LTD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

4. STAFF COSTS

	2024	2023
	£	£
Wages and salaries	379,960	363,103
Pension contributions	38,323	36,491
Social security costs	38,007	34,729
	<u>456,290</u>	<u>434,323</u>

	2024	2023
	No.	No.
Particulars of employees:		
The average number of employees during the year, calculated on the basis of full-time equivalents, was as follows:		
Chief Executive	1	1
Project and Communications Staff	5	5
Finance and Administrative staff (FTE:1.8; 2023: 1.8)	2	2
	<u>8</u>	<u>8</u>

The average monthly head count of employees' number during the year is 8 (2023: 8).

2024: one in the range £100,000-£110,000 during the year. (2023: One in the range of £90,000-£100,000)
Key Senior Management Personnel of the charity comprised the Chief Executive and the Deputy Chief Executive Officer whose total remuneration including all benefits was £203,076 (2023: £192,985).

5. PAYMENTS TO TRUSTEES AND CONNECTED PERSONS

No Trustee or person with a family or business connection with a Trustee received remuneration in the year directly or indirectly, or had any expenses reimbursed (2023: nil).

COMMONWEAL HOUSING LTD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

6. TANGIBLE FIXED ASSETS

	Land & Buildings	Computer & other equipment	Total
	£	£	£
Cost or Valuation			
At 1 January 2024	12,535,625	12,118	12,547,743
Additions	-	3,650	3,650
Disposals	(2,357,000)	-	(2,357,000)
Revaluation	290,375		290,375
At 31 December 2024	<u>10,469,000</u>	<u>15,768</u>	<u>10,484,768</u>
Depreciation			
At 1 January 2024	-	7,554	7,554
Charge for the year	-	787	787
Eliminated at Disposals	-	-	-
At 31 December 2024	<u>-</u>	<u>8,341</u>	<u>8,341</u>
Net book value			
At 31 December 2024	<u>10,469,000</u>	<u>7,427</u>	<u>10,476,427</u>
At 31 December 2023	<u>12,535,625</u>	<u>4,562</u>	<u>12,540,187</u>

The net book value includes £4,879,000 in respect of long leasehold properties (2023: £6,224,625).

7. PROGRAMME RELATED INVESTMENT

In 2018 Commonweal provided in pursuance of its charitable objects loan funding of £70,000 on a 10 year interest bearing arrangement to Action Foundation a registered charity based in NewcastleUpon Tyne with a 2.5% fixed interest on outstanding balances. The balance shown relates to the outstanding loan and accrued interest receivable. The loan is secured on property.

8. UNLISTED INVESTMENT

The unlisted investment of £1 represents the charity's interest in the share capital of its wholly- owned subsidiary undertaking, Re-Unite Limited. The subsidiary is registered in England and Wales and has not traded since it was incorporated on 28 October 2009.

9. DEBTORS AND PREPAYMENTS	2024	2023
	£	£
Prepayments and accrued income	58,494	53,579
	<u>58,494</u>	<u>53,579</u>

COMMONWEAL HOUSING LTD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2024	2023
	£	£
Other creditors	36,411	35,571
Social security costs	12,108	11,147
Accruals and deferred income	740,130	121,641
	<u>788,649</u>	<u>168,359</u>

£620K was received at the end of 2024 from GEHL for income in 2025

11. GRANT COMMITMENTS

The long-term creditor of £60,000 relates to a grant commitment of £100,000 to the University of Birmingham comprising 10 equal payments of £10,000 from October 2022.

12. LOAN NOTES

The table below illustrates the Loan notes values after amortisation adjustments: -

Project Name	Acquisitions date	Loan notes maturity date	Loan notes	Percentage interest for yield payments	Loan notes redeemed	Balance Left at 31.12.2024	Comments
MOVE ON Up - QSA	2017	2023	£1,367,503	3.75%	£1,367,503	£-	Final 3 Properties sold and investors paid back in 2024 (1 redeemed in 2023)
DEPAUL - PL	2019	2026	£990,250	3.75%	£ -	1,076,712	Final payment will include 50% uplift to investors
EBM	2023	2029	£492,625	Nil	£ -	499,448	Final payment will include 100% uplift to investors

COMMONWEAL HOUSING LTD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

	2024 £	2023 £
Amortisation adjustments		
At the beginning of the year	2,937,954	2,967,379
Loan notes redeemed in the year	(1,367,503)	(488,001)
Loan notes issued in the year	-	492,627
Amortisation charge	43,135	72,474
Interest paid to investors	(37,426)	(106,525)
Loan notes at amortised value	1,576,160	2,937,954

Loan notes split with amortised adjustments and cumulative movements:

	2024 £	2023 £
Amount due within one year	-	1,926,263
Amount due after more than one year	1,576,160	1,041,116
Total	1,576,160	2,937,954

13. UNRESTRICTED FUNDS

	Balance at 01 January 2024 £	Income and gains £	Expenditure/ Losses £	Transfers between funds £	Balance at 31 December 2024 £
Designated Funds:					
Property Fund	9,602,234	(658,832)	(43,135)	-	8,900,267
Programme related Investment	80,366	1,750	-	-	82,116
General Fund	472,978	1,988,337	(1,052,604)	-	1,408,711
	10,155,578	1,331,255	(1,095,739)	-	10,391,094

The Property Fund represents the total amount value of tangible fixed assets less loan notes.

The Programme related investment is the money Commonweal advanced as a loan to Action Foundation a charity based in Newcastle Upon Tyne to pursue its charitable objects on a 10-year interest bearing arrangement. The loan is secured on a property (see note 7).

The General Fund represents undesignated monies retained to provide the working capital to enable the charity to carry out its activities as a provider of housing solutions to social injustice

COMMONWEAL HOUSING LTD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

14. RELATED PARTIES

One of the Trustees of the charity Gary is a member of Grove End Housing Limited (GEHL), a company limited by guarantee.

Due to the nature of the charity's operations, transactions have taken place with GEHL at arm's length on normal trading terms which, under Financial Reporting Standard Number 8, require disclosure in the charity's accounts.

The following related party transaction occurred between the charity and GEHL during the year:

- (a) GEHL donated the sum of £600,000 (2023: £600,000) to the charity to fund its charitable activities.
- (b) Income in advance of 620k received in 2024 from GEHL to the donations towards charitable activities for 2025.

COMMONWEAL HOUSING LTD
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2024

**The following pages do not form part of the statutory financial statements and are
for the information of the Trustees only.**

Commonweal Housing Limited

DETAILED STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 December 2024

(Supplementary pages for the information of the Trustees only)

INCOME	2024	2023
Voluntary income	£	£
GEHL - Gift Aid	600,000	600,000
Other income	25,467	89,108
	<u>625,467</u>	<u>689,613</u>
Gain/(loss) on disposals of fixed assets	<u>(40,275)</u>	<u>(505)</u>
Rental income		
Amari & Rhea Projects	15,095	55,426
Peer Landlord Projects/TR and Depaul	71,617	71,215
Denhan International	288,960	139,744
East Belfast Mission (EBM) (2023 included finders fees etc)	12,651	52,128
QSA Move on Up Project	-	16,677
Private rented sector/Dabora Conway	27,090	40,529
	<u>415,413</u>	<u>375,719</u>
Total income	<u>1,012,329</u>	<u>1,064,827</u>
EXPENDITURE		
Project Expenditure		
Property costs (Inc. refurbishment costs on handover)	52,740	154,253
Feasibility cost and grants to partners	103,412	142,248
Depreciation and Amortisation of leases	787	2,409
Evaluators (inc. Project costs)	44,140	6,300
Legal and professional (includes E.A agents & valuation fees on properties)	69,262	12,388
	<u>270,341</u>	<u>317,598</u>
Chief Executive's Office		
CEO and staff salary	379,960	363,103
Pension contributions	38,323	36,491
Social security costs	38,007	34,729
Recruitment costs	429	-
Travel and conferences	3,801	3,481
Freelance/Retainer Fee	44,094	43,946
Serviced office accommodation (Inc. telecoms)	149,792	103,518
IT Support and maintenance	6,578	6,172
Repairs and Renewals	-	-
Printing, Postage and Stationery	1,849	2,166
Insurance	21,342	14,458
Subscriptions, magazines etc	2,853	10,931
Miscellaneous (includes comms subs)	9,190	713
	<u>696,218</u>	<u>619,708</u>

Commonweal Housing Limited

DETAILED STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 December 2024

(Supplementary pages for the information of the Trustees only)

	2024	2023
	£	£
Support and Administration		
Consultancy and professional fees	1,148	33,285
Accounting and Payroll software	10,488	1,560
Web Design and consultancy (incl. Annual review & publicity material)	5,184	8,950
	16,820	43,795
Governance		
Audit fee	17,070	17,070
Non audit services	8,975	16,884
Company secretarial	81	26
Trustee Liability Insurance	2,824	3,220
	28,950	37,200
Total expenditure	1,012,329	1,018,301
Net Income/(Loss) before amortisation	(11,724)	46,526

COMMONWEAL HOUSING LIMITED

England & Wales - Charity number 1113331

Accounts

Charity No. 1113331
Company No. 5319765

COMMONWEAL HOUSING LIMITED

(a company limited by guarantee)

AUDITED REPORT AND FINANCIAL
STATEMENTS

For the year ended 31 December 2023

REPORT AND FINANCIAL STATEMENTS
For the year ended 31 December 2023

CONTENTS	PAGE
Legal and administrative details	3
Report of the Trustees	4
Independent auditors' report	11
Statement of financial activities	14
Balance Sheet	15
Cash Flow Statement	16
Accounting Policies	17
Notes of the financial statements	19

LEGAL AND ADMINISTRATIVE DETAILS

Company registration number:	5319765
Charity registration number:	1113331
Principal address:	Unit 521, SPACES 35 New Broad Street London EC2M 1NH
Registered office:	2 Babmaes Street London SW1Y 6HD
Patrons:	Sir John Mactaggart Bt The Rt.Hon. Baroness Jean Corston The Rt. Hon.Fiona Mactaggart
Directors and Trustees:	Jack Mactaggart (Chair) Gary Medazoumian FCA The Rt. Hon.Fiona Mactaggart (resigned 13.9.23) Prof. Jonathan Portes Russ Edwards Amarjit Bains Sheldon Shillingford Dr Elanor Warwick Aphra Mactaggart Gerald Kelly (appointed 13.3.24)
Secretary:	Gary Medazoumian FCA
Strategic Leadership Team: CEO Deputy CEO	Ashley Horsey Amy Doyle
Bankers:	Barclays Bank plc 7 th Floor, 180 Oxford Street London BX3 2BB
Solicitors	BDB Pitmans LLP One Bartholomew Close, London EC1A 7BL
Auditors:	Price Bailey LLP 24 Old Bond Street London W1S 4AP

COMMONWEAL HOUSING LTD - REPORT OF THE TRUSTEES

For the year ended 31 December 2023

INTRODUCTION

The Trustees, who act as directors for the purposes of the company law, present their report and financial statements for the year ended 31 December 2023.

Commonweal Housing is an independent action learning charity, working to investigate, pilot and champion housing-based solutions to social injustice. We provide experts and partner organisations with the opportunity to trial and test new approaches designed to enhance housing equality and justice.

We support project partners by providing bespoke housing and financing, enabling them to test pilot models and services. In addition, Commonweal uses more of its charitable resources to fund early-stage research and feasibility studies for emerging areas of injustice or potential solutions, as well as commissioning independent evaluation to capture the learning from pilot projects. We then work to share the learning widely to influence future policy, practice, and delivery.

Commonweal has developed and continues to deliver an innovative model of social investment leveraging the capacity and funding available to the charity through funds secured from a growing range of impact investors.

We aim to achieve impact from the lessons learnt from the work we support. Commonweal will work with project partners, national bodies, academics, campaigners, journalists, central and local government directly and in partnership to do this.

Whilst 2023 was mainly a settled period in terms of the staff team and the Board as a whole, it did mark the stepping down from the Board of Trustee of Fiona Mactaggart our Chair for over ten years and a Trustee for seventeen. Fiona's impact on the charity cannot be understated her drive and passion for social justice was at the heart of many of the projects pursued by Commonweal. Her extensive network of contacts was vital in the early days with a very small staff team in helping our activities gain traction. We are delighted not to be losing Fiona completely as she has agreed to take on the role of Honorary Patron alongside her friend and former colleague Baroness Jean Corston and of course her brother, Commonweal's founder, Sir John Mactaggart. The Board wanted to put on record their great thanks to Fiona for all she has done for Commonweal to date and look forward to seeing her again especially as she has agreed to continue hosting our annual student research presentations from the awardees of the Jane Slowey Memorial Bursary itself named after a much missed friend and Commonweal trustee who passed away in 2017.

Whilst a fully independent charity, the links to the philanthropic legacy and works of the Mactaggart family are a proud part of Commonweal's lineage and we are delighted that Aphra Mactaggart from the next generation of the family agreed to join the Board in 2023.

Towards the end of 2023, the Board undertook a round of external recruitment to further strengthen the Board and we are delighted that Gerald Kelly a housing and development specialist lawyer and Partner at Macfarlanes LLP. Gerald was formally appointed as a Trustee of the charity and Director of the company in March 2024.

Throughout 2023 the consequences and effects of the terrible invasion of Ukraine by Russia continued. The Commonweal Board approved a further cash donation to Depaul International the sister charity of one of our existing project partners (Depaul UK) to support their efforts in Ukraine and to those displaced by the conflict to the UK and elsewhere across Europe.

The Board of Commonweal recognise again the ongoing support and increased backing from the Directors of Grove End Housing, a not-for-profit property company, our principal benefactor. We appreciate the trust and faith they continue to put in Commonweal.

January 2023 was the starting point for our latest new three-year strategy to December 2025 aimed at continuing our journey towards our ambition that by 2025 Commonweal will be widely viewed as: **“a ‘go to’ organisation for innovative and deliverable housing-based solutions to social injustice – at the forefront of imaginative thinking”**

The Board are seeking to continue our aims to go deeper in to a smaller range of social policy and injustice areas; raising our own knowledge and enabling the charity increasingly to become an informed commentator, influential partner and beneficial voice.

COMMONWEAL HOUSING LTD - REPORT OF THE TRUSTEES

For the year ended 31 December 2023

The Board has set the following priority social justice themes to guide our work in the coming years:

- **Criminal justice system** – focussed on specific groups such as: youth justice, over-representation of BAME individuals, mental health issues
- **Young adults, youth homelessness and those facing difficult transitions to adulthood**
- **Migration, Asylum and Trafficking** – incorporating areas of work around asylum, migration, modern-day slavery as well as human trafficking

Commonweal is engaging with sector leading organisations to help scope the current landscapes across each of these areas helping to identify those issues where the Commonweal approach to action learning and new housing solutions to social injustice might have the most significant impact. The Board are excited to see how this new strategy develops over the coming years.

Commonweal will continue to use its voice, its resources, partnerships, and its energy to highlight the importance to people's lives of safe, stable, secure, and accessible housing.

Commonweal is a social injustice housing-based action learning charity

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Charity is a charitable company limited by guarantee and a registered charity. It is governed by its Memorandum and Articles of Association (as amended). These provide for one third of the Trustees to retire at each Annual General Meeting. The minimum number as set out in the Memorandum and Articles of Association is three and the quorum is set at two Trustees.

For the duration of 2023 Commonweal has been Chaired by Jack Mactaggart, and we have returned to in person Board meetings to better facilitate discussion, engagement and build team relationships and dynamics amongst trustees and with the staff team.

The Board has set out a skills matrix identifying the core skills, knowledge and competencies felt to be necessary to provide suitable oversight, governance, and guidance to the charity. The Trustees self-assess against those skills; it was against this skills matrix that the Board recruited Aphra Mactaggart and latterly Gerald Kelly. Aphra brings age diversity to the Board as well as her experience working with many disadvantaged groups from her training as an NHS midwife in east London. Gerald as an experienced charity trustee helps to strengthen the Board's legal and wider housing and development sector expertise. The Charity has in place a program for the induction and training of new Trustees as well as ongoing training and conference opportunities for all Trustees.

The Board is the administrative and governing body and meets four times a year, ensuring and monitoring that the Charity is performing well, is solvent and complies with all its obligations. The Board has ensured that appropriate trustee indemnity insurance is in place.

In 2023, the Board considered again the findings of the 2020 formal Governance Review and progress made in delivering the action plan arising from that exercise. The charity undertakes an annual self-assessment against the Charity Governance Code. The Board intends to be commissioning an external governance review in 2025.

Organisational structure and decision-making

The Board is responsible for the policy and strategy of the Charity, ensuring the long-term sustainability of the organisation along with its financial and legal probity.

The Chief Executive, Ashley Horsey, is responsible for implementing policies and strategies approved by the Board and for progressing organisational objectives and leading operational delivery by the staff team.

The Board consider the strategic leadership team of the charity to consist of the Chief Executive and the Deputy Chief Executive, Amy Doyle, who under FRS102 constitute the key management along with the trustees.

The Board has established one committee the People & Governance Committee. The P&G Committee meets not less than three times per annum, once in the spring focussing primarily on HR and employment matters; once in the summer looking at governance issues and once in the autumn as part of the budget preparation cycle. This autumn meeting recommends any changes to pay remuneration for staff, including remunerated key management personnel, to the Board for their December budget-setting meeting for the forthcoming year.

COMMONWEAL HOUSING LTD - REPORT OF THE TRUSTEES

For the year ended 31 December 2023

OBJECTIVES AND ACTIVITIES

The Charity's core objects are the provision of housing for those who are in conditions of need and the advancement of education and training (but without limitation) in relation to housing need.

We deliver our objects via three core work streams plus a growing role as thought leaders, honest brokers, and a platform for discussion around housing and social injustice:

Property (acquisition) based medium to long term (5-10 year) action learning projects where the major investment by Commonweal is in the provision of the bespoke housing – using our existing capital or revenue funds as well as social investment funding. These cornerstone projects are aimed at thoroughly testing a new model or service with learning captured and widely shared to encourage or enable replication, policy or practice change by others. In 2023 we were delighted to complete the purchase of properties for our latest action learning project entitled You're Home delivered by new partners, The East Belfast Mission. This represented our first property venture in Northern Ireland. Last year, 2023, also saw the conclusion of our Move On Up project delivered by Quaker Social Action. The sale of the properties to redeem the social investment secured for this initiative back in 2017 commenced in 2023 and will conclude in 2024.

Short term initial feasibility studies undertaken by others using Commonweal's revenue funding. Such early-stage studies are designed to give prospective partners the capacity and resources to explore a new or emerging idea they have where they feel it *might* lead to a housing-based solution and therefore may become a formal Commonweal property-based pilot project. In 2023 we ran our latest *Call for New Ideas* funding programme inviting feasibility study proposals specifically focussing on the first of our new strategic themes, the criminal justice system. From a record number of applications our expert panel selected four studies to be supported by Commonweal. These feasibility studies are now underway with findings due back to Commonweal in 2024. Also, in 2024 we will be undertaking two further *Call for New Ideas* rounds one each on our other strategic themes; the aim is to maintain a strong pipeline of potential projects going forward as well as deepening our knowledge and experience across these themes.

Short term research – our recently launched new research funding programme, started in 2022, continued in 2023 across a broad range of policy and injustice areas. We continued our ongoing work with Spring Housing in Birmingham supporting a new study in to the effects and challenges of the exempt accommodation housing funding system. We also funded research by architects Morris & Co highlighting the need to improve standards of temporary accommodation for homeless families, an excellent report launched in the autumn and gathering interest from a number of councils. In 2023 we also commissioned further research in to the housing needs of Albanians and Romanians in west London by Stop The Traffick and organisation we first engaged with after the invasion of Ukraine by Russia in 2022. Finally, a major piece of work exploring the problems of move-on accommodation in the private rented sector. This significant and timely piece of work will be published later in 2024

Influencing policy and practice through effective dissemination and promotion of the findings from our own projects and studies but also offering a platform and promoting the thoughts and ideas of practitioners and experts in the fields of housing and social injustice.

In addition to these core work streams we will also consider further opportunities for small-scale direct social investment where this will help meet our charitable objectives. Commonweal currently has one direct social investment deal in place with Action Foundation a migrant and refugee support charity in Newcastle. Our 10-year investment term runs through to 2027.

Our strap line '**housing solutions to social injustice**' is backed by a core set of values:

- **Collaboration**
- **Learning**
- **Imagination and challenge**
- **Trust and integrity**

COMMONWEAL HOUSING LTD - REPORT OF THE TRUSTEES

For the year ended 31 December 2023

Commonweal Housing: Theory of Change

- Commonweal will focus on those activities, proposals, issues, groups and injustices that are at the margins, overlooked or ignored by many mainstream funders.
- Commonweal remains willing and able to use our independent, philanthropic charitable resources to support what are sometimes seen as difficult, unpopular or intractable issues – we are clear that if we are not willing and able to, then who will?
- We are fortunate in not being financially dependent upon public donations or public sector contracts. This gives us freedoms and opportunities.
- We are financially robust and able to be brave in the decisions we take, the issues we support and the projects we back.
- Success of the projects we support and the initiatives we enable to be tested, whilst welcomed, is not our primary aim or metric of success. Capturing the learning that has delivered that success or understanding and sharing the lessons learnt if things do not deliver as expected is our main priority – shaping and informing future activity tackling social injustice is our key objective.
- Commonweal Housing was established with the aim of providing the housing to enable front line delivery organisations to develop and pilot new housing solutions to social injustice; capturing the learning from those pilot projects and sharing it widely to help others learn from both the successes and the failures to shape future service delivery and policy development.
- We will enable the provision of this housing in a range of ways including direct purchase, leasing and revenue support to partners or other investors.
- To support new housing projects, we also fund early stage feasibility studies and project related research to give new ideas the best chance of succeeding as pilot projects. We also fund wider research to increase our own knowledge base and crucially independent evaluation of pilot projects; capturing the learning which we then share widely to shape future activity.
- In sharing the learning from projects, we will also build and share networks of interest; encouraging relationships and communications between those we are engaged with where they may help each other.
- To encourage, support and enable project partners to use their own expert voice to share learning, promote findings and campaign for change – Commonweal will aid and bring our expertise as required or as requested.
- We want, aim and expect to achieve impact from our charitable activity. We recognise that impact may take many forms from direct replication, to promotion of good practice, highlighting ongoing areas of injustice and lobbying for policy, operational or funding changes.
- Engaging evaluation of projects is fundamental to who Commonweal are; evaluating our own performance and input is a core part of that.
- At our heart we are a housing based social justice and action learning charity.

Social Investment:

Commonweal has been at the forefront of the innovative use of social investment funding for over 10 years now. With partners we have created an investment a model to support our action learning projects, developing a social investment structure that gives investors the opportunity and comfort to invest in new pilot and untested initiatives, ideas, projects, and in front-line organisations that would not normally pass muster with their investment committees on their own merits. We are grateful to those social investors that have trusted us with their money but have also given us their skills and expertise in providing strategic guidance to our action learning projects. We remain grateful to the Esmee Fairbairn Foundation, Trust for London, City Bridge Trust, Big Society Capital, Cheyne Capital, Quaker Social Action and The Monday Charitable Trust, GEHL and, for the first time in 2023, high net worth individuals for supporting us. We are delighted that in 2023 we were able to attract new indications of investment support our latest project, entitled Gateway: Base for Success. We are pleased that in addition to long-standing friends and investment partners, Esmee Fairbairn Foundation, Trust for London and City Bridge we have also been joined on this venture by the John Laing Charitable Trust for their first forays in to social investment. We aim to conclude this investment deal and commence delivery of the project in 2024.

Commonweal will continue to explore the use of further social investment deals to deliver new capital property acquisition projects as well as proactively reviewing our current property portfolio to identify what capital can be released for reinvestment in new projects.

COMMONWEAL HOUSING LTD - REPORT OF THE TRUSTEES

For the year ended 31 December 2023

The key activities and projects for the year along with details and copies of any reports supported by Commonweal can be found on our website: www.commonwealhousing.org.uk

FINANCIAL REVIEW

We are very fortunate to have a long- standing partner and principal benefactor, Grove End Housing Limited, who continue to provide our core revenue funding. In addition, Commonweal receives rental income on its residential property portfolio which aligns with the increase in Local Housing Rates.

In 2023 GEHL revenue funding accounted for 56% of income excluding a gain on disposal of tangible fixed assets (2022 63%); and rental income 35% (2022 36%).

The Trustees consider the results of increased income from our residential property portfolio and the continued support from Grove End Housing and the overall reduced expenditure disclosed on the following pages to be satisfactory.

Public benefit statement

The Board confirm that they have complied with the duty in the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission. Further information regarding the Charity's activities, public benefit and impact are presented in its Annual Impact Review, which is available on its website. <http://www.commonwealhousing.org.uk/>.

Risk management and principal risks and uncertainties

The Trustees have assessed the major risks to which the Charity is exposed and are satisfied that systems are in place to mitigate exposure and consequences of key risks. The Trustees consider and review the core strategic and operational risks facing the charity regularly throughout the year including the controls and mitigations in place to address or ameliorate these risks and note any new information from the Executive.

The Board, many of whom are relatively new to Commonweal over the last 3 years or so have taken time to consider what they perceive as the core corporate risks that if they were to materialize would mean Commonweal would potentially imperil the future of the charity and / or would indicate our not delivering our charitable aims and objectives. The 6 key risk areas are set out below:

	Core Strategic RiskAreas	Key Mitigations & Controls
A	<u>Financial Security:</u> Recognising the limited source of income received (GEHL grant and rental income) and considering ongoing certainty and exploring potential for further income diversification	Ongoing and positive engagement with GEHL by CEO and Chair. GEHL's change in their own rules over recent years gives CWH further comfort on funding.
B	<u>Business Continuity:</u> Primarily focused on small staff team.	Office and technological processes and backups in place if ever needed. Coverage across the current staff team for short-term covering of any vacancies or staff unavailability including Deputy CEO Role and key personnel insurance cover in place.
C	<u>Board Experience:</u> Recognition that the Board has changed over recent years and to consider against current skills mix needed.	New appointments made against current Board Skills Matrix. Intention to review this in 2024 to ensure it contains the correct mix of skills and experience needed. Induction for new Trustees and ongoing training and development opportunities available.

COMMONWEAL HOUSING LTD - REPORT OF THE TRUSTEES
For the year ended 31 December 2023

D	<u>Reputation:</u> Seen as key for attracting new social investment, new project proposals and for impact of messaging and communications of lessons learnt from projects, research and evaluations.	Regular engagement with project, investment and research partners to ensure Commonweal delivering against expectations. High quality and regular comms outputs.
E	<u>Compliance:</u> Identified by the Board as a 'usual' business risk to be overseen by the governing body (the Board)	Regular Board updates, annual audit, self-assessments
F	<u>Delivering Housing Projects:</u> Reaffirmed by the Board as the key purpose of the charity, therefore failure to develop and deliver new projects would be failure to deliver our charitable objectives	Project Team overseen by the Deputy CEO continues to ensure close engagement with project partners. Additional staffing capacity in 2022 More proactive property inspection and oversight regime being reinstated by Consultant Surveyor and other Commonweal staff.

Reserves Policy

It is the policy of the Charity to maintain a proportion of its reserves in a readily realisable form to ensure that its core activity could continue during a period of unforeseen difficulty. The Trustees consider readily realisable reserves to be the amount of reserves that are easily converted into cash without the need to dispose any of its properties.

The Trustees assess the required level of reserves on an annual basis alongside its operating budget. This assessment considers the risks associated with each stream of income and expenditure varying from budget, its planned activity level, commitments to repay the loans secured on its properties and the need to keep sufficient bank balances to be able to manage the day-to-day fluctuations of receipts and payments

In December 2023 and again at a specific risk workshop in February 2024, the reserves policy was reviewed by the Trustees who felt an increased level of readily available cash reserves was appropriate. Therefore, based on its 2024 operating budget and cash flows, a readily available cash reserve figure of a minimum of £250k was agreed to be necessary. The actual cash reserves at the 31 December 2023 were £657,757.

Property Revaluation and Depreciation Policy

In 2021 the Trustees agreed all fixed assets of the same class, (i.e., properties) to be revalued using external professional valuations each year. 2023 is the third year where the new property revaluation policy applied in the accounts for all properties, The figures reflect these changes and the property market at present.

The Trustees also reviewed the policy on the treatment of depreciation on properties and agreed not to depreciate properties. Further details are stated on the Notes section of the accounts on Fixed Assets and Depreciation.

As at 31st December the Charity's total reserves stood at £10.15M (2022: £9.9M) as set out in detail in note 13. Of this total figure 94% (2022: 94%) is included in the Designated Property Fund, represented by the functional assets of the Charity, which can only be realised by disposing the Charity's freehold and long leasehold properties.

Commonweal Trustees regularly consider options available to it to utilise its general reserves to further the charity's aims and objective. This has in the past (and may do so again in the future where suitable schemes are identified) included undertaking direct mission related investment.

COMMONWEAL HOUSING LTD - REPORT OF THE TRUSTEES

For the year ended 31 December 2023

PLANS FOR FUTURE PERIODS

Key priority in 2024 is to commence the new Gateway: Base for Success project for which we have secured offers of close on £3M of social investment. The Board have also requested a review of our current property stock and consideration be given to what assets can be sold to fund new property acquisitions for further new projects

Trustees' Responsibilities for the Financial Statements

The trustees (who are also directors of Commonweal Housing Limited for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the 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 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 the 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 2019 (FRS 102);
- ▶ state whether applicable UK Accounting Standards have been followed
- ▶ make judgements and estimates that are reasonable and prudent; and
- ▶ prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Charity 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.

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

Disclosure of Information to Auditors

Each of the trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditors are aware of such information.

Auditors

A resolution proposing the reappointment of Price Bailey LLP will be put to the next Annual General Meeting.

Small companies note

In preparing this report the Trustees, who are also the directors, have taken advantage of the small companies' exemptions provided by section 415A of the Companies Act 2006.

ON BEHALF OF THE BOARD OF TRUSTEES

Trustee

JAM

19 June 2024

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE COMMONWEAL HOUSING LIMITED

Opinion

We have audited the financial statements of Commonweal Housing Limited for the year-ended 31 December 2023 which comprise the statement of financial activities, the balance sheet, the cash flow statement, 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 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 December 2023 and of the charitable company's net movement in funds, including the 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 charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the 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. The other information comprises the information included in the Report of the Trustees. 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.

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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE COMMONWEAL HOUSING LIMITED

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken during the audit:

- the information given in the Report of the Trustees (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 Report of the Trustees has 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 during the audit, we have not identified material misstatements in the Report of the Trustees (which incorporates the directors' 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 by the charitable company; or
- the charitable company 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; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 9, 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 gained an understanding of the legal and regulatory framework applicable to the Charitable Company and the sector in which it operates, and considered the risk of the Charitable Company not complying with the applicable laws and regulations including fraud in particular those regulations directly related to the financial statements, including financial reporting, and tax legislation. In relation to the operations of the Charitable Company this included compliance with the Companies Act 2006, Charities Act 2011 and SORP 2019.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE COMMONWEAL HOUSING LIMITED

The risks were discussed with the audit team and we remained alert to any indications of non-compliance throughout the audit. We carried out specific procedures to address the risks identified. These included the following:

Reviewing minutes of Board meetings, reviewing any correspondence with the Charity Commission, agreeing the financial statement disclosures to underlying supporting documentation, and making enquiries of management and officers of the Charitable Company. We noted procedures in place for the reporting of any incidents to the Trustee Board including serious incident reporting of these matters as necessary with the Charity Commission and performed a review of legal fees during the period.

Management override: To address the risk of management override of controls, we carried out testing of journal entries and other adjustment for appropriateness. We also assessed management bias in relation to the accounting policies adopted and in determining significant accounting estimates.

Because of the inherent limitations of an audit, there is the risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involved intentional concealment, forgery, collusion, omission or misrepresentation.

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.



Michael Cooper-Davis FCCA ACA (Senior Statutory Auditor)
for and on behalf of
Price Bailey LLP
Chartered Accountants
Statutory Auditors

24 Old Bond Street
London
W1S 4AP

Date: 16 July 2024

Commonweal Housing Limited

STATEMENT OF FINANCIAL ACTIVITIES (Including Income and Expenditure Account) For the year ended 31 December 2023

	Note	2023	2022
		£	£
Income from:			
Donation and legacies	2	600,000	550,000
Charitable activity - rental income		375,719	315,770
Other income		84,288	4,374
Investment income		5,325	2,076
(Loss) /Gain on disposal of fixed assets		(505)	4,536
Total		<u>1,064,827</u>	<u>876,756</u>
Expenditure on			
Charitable activities	3	<u>1,018,301</u>	<u>795,676</u>
Total		<u>1,018,301</u>	<u>795,676</u>
Net income before amortisation adjustments		46,526	81,080
Amortisation charges on loan notes	13	<u>(72,474)</u>	<u>(171,751)</u>
Net expenditure		(25,948)	(90,671)
Gain / (Loss) on revaluation of fixed assets	6	<u>253,000</u>	<u>(1,089,030)</u>
Net movement in funds		227,052	(1,179,701)
Funds brought forward		<u>9,928,526</u>	<u>11,239,408</u>
Funds carried forward		<u>10,155,578</u>	<u>9,928,526</u>

The notes numbered 1 to 15 form part of these financial statements.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006. All of the income and expenditure relates to continuing activities.

COMMONWEAL HOUSING LTD

Balance Sheet as at 31 December 2023

	Notes	2023 £	2022 £
Fixed assets			
Tangible assets	6	12,540,188	12,295,814
Programme related investment	7	80,366	78,616
Other unlisted investment	8	1	1
		<u>12,620,555</u>	<u>12,374,431</u>
Current assets			
Debtors	9	53,579	91,830
Cash at bank and in hand		<u>657,757</u>	<u>1,267,148</u>
		711,336	1,358,978
Current Liabilities			
Creditors: amounts falling due within one year	10	(168,359)	(757,504)
Loan notes: amounts falling due within one year	12	<u>(1,391,012)</u>	<u>(1,926,263)</u>
Net current liabilities		<u>(848,035)</u>	<u>(1,324,789)</u>
Total assets less current liabilities		11,772,520	11,049,642
Creditors: amounts due more than one year			
Loan notes	12	(1,546,942)	(1,041,116)
Grants	11	<u>(70,000)</u>	<u>(80,000)</u>
Net assets		<u>10,155,578</u>	<u>9,928,526</u>
Income funds			
Unrestricted funds:	13		
- Designated Property Fund		9,602,234	9,328,435
- Programme related Investment		80,366	78,616
- General Fund		<u>472,978</u>	<u>521,475</u>
Total funds		<u>10,155,578</u>	<u>9,928,526</u>

The notes numbered 1 to 15 form part of these financial statements.

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

The accounts were approved and authorised for by the Board of Trustees 19 June 2024 and signed on their behalf by

JAM

J MACTAGGART

J Mactaggart (Jul 9, 2024, 9:47am)

Director/Trustee & Chair of the Board of Trustees

Gary Medazounian

G S MEDAZOUNIAN

G S Medazounian (Jul 1, 2024, 2:53pm)

Director/Trustee

COMMONWEAL HOUSING LTD

Cash Flow Statement

For the year ended 31 December 2023

	2023 £	2022 £
Net movement in funds	227,052	(1,179,701)
Deduct: investment income receivable	(5,325)	(2,076)
Add back/(Deduct): revaluation of fixed assets	(253,000)	1,089,030
Add back: Amortisation adjustment	72,474	171,751
Deduct: Interest paid	(106,525)	(111,804)
Deduct: gain on disposal of fixed assets	505	(4,536)
Add back: depreciation	2,409	1,742
Increase in debtors	38,251	(58,408)
Increase in creditors (excluding loans)	(589,145)	699,672
Decrease in grants	(20,000)	(10,000)
Net cash provided by operating activities	<u>(633,304)</u>	<u>595,670</u>
Cash flows from investing activities		
Investment income received	5,325	2,076
Proceeds from disposal of fixed assets	500,000	1,357,829
Add back: charges on property sale	8,252	5,017
Cash paid in respect of tangible fixed assets	(1,663)	(1,848)
	<u>511,914</u>	<u>1,363,074</u>
Cash flows from financing activities		
Loan notes repaid in the year	<u>(488,001)</u>	<u>(1,313,519)</u>
(Decrease) / increase in cash and cash equivalents in the year	(609,391)	645,225
Cash and cash equivalents at the start of the year	<u>1,267,148</u>	<u>621,923</u>
Cash and cash equivalents at the end of the year	<u><u>657,757</u></u>	<u><u>1,267,148</u></u>

Analysis of cash and cash equivalents and net debt

	01-Jan 2023	Cash flows	Amortisation and loan interest movements	31-Dec 2023
Cash	1,267,148	(609,391)	-	657,757
Loans notes	(2,967,379)	(4,624)	34,049	(2,937,954)
	<u>(1,700,231)</u>	<u>(614,015)</u>	<u>34,049</u>	<u>(2,280,197)</u>

COMMONWEAL HOUSING LTD

NOTES TO THE FINANCIAL STATEMENTS – ACCOUNTING POLICIES

For the year ended 31 December 2023

NOTE 1 – ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with applicable law 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) (second edition, effective 1 January 2019) - (Charities SORP (FRS 102)), and with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). The financial statements are presented in sterling and figures are rounded to the nearest £.

The charity 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 note(s).

ENTITY STATUS

Commonweal Housing Limited is a private charitable company limited by guarantee and meet the definition of a public benefit entity as defined by FRS102. Further details of its company and charity registration are given on page 3.

GOING CONCERN

The Trustees have prepared cash flow forecasts for the period of at least 12 months from the date of approval of these financial statements which indicate that the charity will have sufficient funds, through continued funding from its principal benefactor, Grove End Housing, to meet its liabilities as they fall due for that period. Accordingly, the financial statements are prepared on a going concern basis and the Trustees do not consider there to be any material uncertainty in connection with the charity's ability to continue to operate.

ESTIMATION UNCERTAINTY AND JUDGEMENTS

The directors consider the principal areas of estimation uncertainty and judgement to be the valuation of property and the valuation of the related loan notes for socially funded properties.

INCOME

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

Properties transferred to the charity by way of gift are recognised at fair value at the date of transfer.

EXPENDITURE

All expenditure relates to charitable activities and includes direct costs, indirect support costs and governance costs. Governance costs, which are the statutory and organisational costs of operating the charity as a legal entity.

Grants payable in furtherance of the charity's objects are recognised as expenditure when payment is due to the partner organisation, in accordance with the terms of the funding agreement. Standard funding agreements are typically for a year's duration or less, but can span several years. The funding agreements contain conditions, the fulfilment of which is under the control of Commonweal. For funding agreements in place at the year-end that include payments to be made in future years, where conditions attached to their payment limit their recognition as current liability, these payments are disclosed in Note 12 to the financial statements as commitments.

COMMONWEAL HOUSING LTD

NOTES TO THE FINANCIAL STATEMENTS – ACCOUNTING POLICIES

For the year ended 31 December 2023

PENSION CONTRIBUTIONS

Contributions in respect of personal pension schemes are included in the statement of financial activities for the year in which they are payable to the scheme.

FIXED ASSETS AND DEPRECIATION

Assets with a useful economic life exceeding one year are initially recognised at costs where they are purchased or a fair value at the time of transfer in respect of assets where they are donated. The fair value of such assets is treated as a deemed cost.

All property assets are restated at their fair value at the balance sheet date three months after acquisition. The fair value is determined by the Trustees with reference to the average of two different comparative medium range desktop valuation data along with professional valuations of certain properties and having regard to any actual transactions. The policy of revaluing all properties has applied since 2021.

Depreciation is provided on all tangible fixed assets, except properties at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life, as follows: -

- | | |
|---|--|
| A) Freehold and long leasehold buildings | - No depreciation from 2021 |
| B) Socially funded freehold and leasehold buildings | - No depreciation from 2021 |
| C) Computer and other equipment | - 20% per annum on a straight-line basis |

Expenditure on refurbishment works and associated costs on making the charity's freehold and leasehold properties project ready for occupation is written-off as incurred. The trustees consider that it appropriate not to charge depreciation as the property is maintained in reasonable condition and valued annually.

PROGRAMME RELATED INVESTMENTS

Programme related investments are stated at transaction value less any provision for impairment required. In accordance with the Charities SORP they are not restated at fair value.

LOAN NOTES

Loan notes represent finance obtained from Social Investors. The Social Investors' return includes not only a market rate of interest but an additional final payment equal to an agreed percentage of the gain made on disposal of the related property. The loan notes are treated accounted for under section 12 of FRS102 and the final contractual return to the lender/investor is neither a fixed rate or amount, nor a variable rate linked to a single observable interest rate or index of general price inflation, though the annual payments on some loans are subject to a CPI uplift. The loan notes contain non-financial variables specific to a party to the contract such as the potential future value and condition of the property which may affect the final contractual return. In accordance with section 12 the Trustees have therefore used the amortised cost model to value the loan notes. This calculation considers the most recent expected cash-flows based on external valuations agreed payments to the lenders. The actual redemption values of the loan notes are likely to differ from the estimated cashflows recorded at the preceding balance sheet date and this will result in a further amortisation adjustment in the year of redemption.

FUNDS

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure, which meets these criteria, is charged to the fund. There were no such funds in either year.

Unrestricted funds are donations and other income received or generated and are expendable at the discretion of the Trustees in furtherance of the charity's objectives. Designated funds are unrestricted funds earmarked by the Trustees.

COMMONWEAL HOUSING LTD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

2. DONATIONS AND LEGACIES

	2023 £	2022 £
Donations		
Grove End Housing	<u>600,000</u>	<u>550,000</u>

3. EXPENDITURE

	Staff costs £	Other costs £	2023 Total £
Charitable Activities - 2023			
Direct and support costs	434,323	649,884	1,084,207
Re-allocation loan note interest	-	(103,106)	(103,106)
Governance costs	-	37,200	37,200
	<u>434,323</u>	<u>583,978</u>	<u>1,018,301</u>

	Staff costs £	Other costs £	2022 Total £
Charitable Activities - 2022			
Direct and support costs	359,747	532,725	892,472
Re-allocation loan note interest	-	(111,804)	(111,804)
Governance costs	-	15,008	15,008
	<u>359,747</u>	<u>435,929</u>	<u>795,676</u>

Direct and support costs represent the cost of provision of the core activities of the charity: delivering housing solutions and understanding housing needs including the associated support costs to deliver these activities. £649,884 (2022: £532,725) under other costs above relates to the charities main core activities as follows: -

	2023 £		2022 £	
Property related project costs	321,643	59%	210,313	50%
Feasibility Studies and Grants to partners	148,548	27%	20,000	5%
Learning and Sharing	6,508	1%	5,273	1%
Office related operational costs	70,079	13%	185,335	44%

Governance costs relate to the direct costs associated with the effective governance of the charity. These include audit fees and accountancy £33,954 (2022: 14,782), Company Secretarial £26 (2022: £26) and other governance costs of £3,220 (2022: £200).

Net income is after charging depreciation on the fixed assets of £2,409 (2022: £1,742).

COMMONWEAL HOUSING LTD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

4. STAFF COSTS

	2023	2022
	£	£
Wages and salaries	363,103	298,730
Pension contributions	36,491	31,869
Social security costs	34,729	29,148
	<u>434,323</u>	<u>359,747</u>

	2023	2022
	No.	No.
Particulars of employees:		
The average number of employees during the year, calculated on the basis of full-time equivalents, was as follows:		
Chief Executive	1	1
Project and Communications Staff	5	5
Finance and Administrative staff (FTE:1; 2022: 1)	2	1
	<u>8</u>	<u>7</u>

The average monthly head count of employees' number during the year is 8 (2022: 7).

One employee received remuneration (excluding employer pension contributions) in the range of £90,000-£100,000 during the year (2022: one in the range £90,000-£100,000). The Trustees consider that the Key Senior Management Personnel of the charity comprised the Chief Executive and the Deputy Chief Executive Officer whose total remuneration including all benefits was £192,985 (2022: £171,512).

5. PAYMENTS TO TRUSTEES AND CONNECTED PERSONS

No Trustee or person with a family or business connection with a Trustee received remuneration in the year directly or indirectly, or had any expenses reimbursed (2022: nil).

COMMONWEAL HOUSING LTD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

6. TANGIBLE FIXED ASSETS

	Land & Buildings £	Computer & other equipment £	Total £
Cost or Valuation			
At 1 January 2023	12,290,000	11,061	12,301,061
Additions	492,625	1,663	494,288
Disposals	(500,000)	(606)	(500,606)
Revaluation	253,000		253,000
At 31 December 2023	<u>12,535,625</u>	<u>12,118</u>	<u>12,547,743</u>
Depreciation			
At 1 January 2023	-	5,247	5,247
Charge for the year	-	2,409	2,409
Eliminated at Disposals	-	(101)	(101)
At 31 December 2023	<u>-</u>	<u>7,555</u>	<u>7,555</u>
Net book value			
At 31 December 2023	<u>12,535,625</u>	<u>4,562</u>	<u>12,540,188</u>
At 31 December 2022	<u>12,290,000</u>	<u>5,814</u>	<u>12,295,814</u>

The net book value includes £6,224,625 in respect of long leasehold properties (2022: £6,515,000).

7. PROGRAMME RELATED INVESTMENT

In 2018 Commonweal provided in pursuance of its charitable objects loan funding of £70,000 on a 10 year interest bearing arrangement to Action Foundation a registered charity based in NewcastleUpon Tyne with a 2.5% fixed interest on outstanding balances. The balance shown relates to the outstanding loan and accrued interest receivable. The loan is secured on property.

8. UNLISTED INVESTMENT

The unlisted investment of £1 represents the charity's interest in the share capital of its wholly- owned subsidiary undertaking, Re-Unite Limited. The subsidiary is registered in England and Wales and has not traded since it was incorporated on 28 October 2009.

9. DEBTORS AND PREPAYMENTS

	2023 £	2022 £
Prepayments and accrued income	53,579	91,830
	<u>53,579</u>	<u>91,830</u>

COMMONWEAL HOUSING LTD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023	2022
	£	£
Other creditors	35,571	135,924
Social security costs	11,147	11,580
Accruals and deferred income	121,641	600,000
	<u>168,359</u>	<u>747,504</u>

£600K was received at the end of 2022 from GEHL for Income in 2023.

11. GRANT COMMITMENTS

The long-term creditor of £80,000 relates to a grant commitment of £100,000 to the University of Birmingham comprising 10 equal payments of £10,000 from October 2022. £20,000 is included in creditors falling due within one year.

12. LOAN NOTES

The table below illustrates the Loan notes values after amortisation adjustments: -

Project Name	Acquisitions date	Loan notes maturity date	Loan notes	Percentage interest for yield payments	Loan notes redeemed	Balance Left at 31.12.2023	Comments
PRAXIS – NRPf	2016	2022	£1,250,945	4.32%	£1,250,945	£-	Properties sold and investors paid back.
MOVE ON Up - QSA	2017	2023	£1,939,318	3.75%	£ -	1,391,013	Interest - CPI linked increase each year
DEPAUL - PL	2019	2026	£1,030,688	3.75%	£ -	1,054,316	Final payment will include 50% uplift to investors
EBM	2023	2029	£492,625	Nil	£ -	492,625	Final payment will include 100% uplift to investors

COMMONWEAL HOUSING LTD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

	2023 £	2022 £
Amortisation adjustments		
At the beginning of the year	2,967,379	4,220,951
Loan notes redeemed in the year	(488,001)	(1,313,519)
Loan notes issued in the year	492,627	-
Amortisation charge	72,474	171,751
Interest paid to investors	(106,525)	(111,804)
Loan notes at amortised value	2,937,954	2,967,379

Loan notes split with amortised adjustments and cumulative movements:

	2023 £	2022 £
Amount due within one year	1,391,012	1,926,263
Amount due after more than one year	1,546,942	1,041,116
Total	2,937,954	2,967,379

13. UNRESTRICTED FUNDS

	Balance at 01 January 2023 £	Income and gains £	Expenditure/ Losses £	Transfers between funds £	Balance at 31 December 2023 £
Designated Funds:					
Property Fund	9,328,435	346,273	(72,474)	-	9,602,234
Programme related Investment	78,616	1,750	-	-	80,366
General Fund	521,475	969,804	(1,018,301)	-	472,978
	9,928,526	1,317,827	(1,090,775)	-	10,155,578

The Property Fund represents the total amount value of tangible fixed assets less loan notes.

The Programme related investment is the money Commonweal advanced as a loan to Action Foundation a charity based in Newcastle Upon Tyne to pursue its charitable objects on a 10-year interest bearing arrangement. The loan is secured on a property (see note 7).

The General Fund represents undesignated monies retained to provide the working capital to enable the charity to carry out its activities as a provider of housing solutions to social injustice

COMMONWEAL HOUSING LTD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

14. RELATED PARTIES

One of the Trustees of the charity Gary Medazoumian is a member of Grove End Housing Limited (GEHL), a Registered Society registered under the Co-operative and Community Benefit Societies Act 2014.

Due to the nature of the charity's operations, transactions have taken place with GEHL at arm's length on normal trading terms which, under Financial Reporting Standard Number 8, require disclosure in the charity's accounts.

The following related party transaction occurred between the charity and GEHL during the year:

- (a) GEHL donated the sum of £600,000 (2022: £550,000) to the charity to fund its charitable activities.
- (b) GEHL Loan in creditors to support You're Home project property purchases £100,000 – paid December 2022 & paid to solicitors January 2023

15 POST BALANCE SHEET EVENT

Following the year end, sale of some of the charity's non-social investment funded properties have been agreed in principle by the Board to release capital funds for the acquisition of properties for new action learning projects. An initial programme of six properties has been identified. Individual property sales will require specific Board approval. Properties will be sold as and when they are returned to Commonweal with vacant possession from the current interim temporary accommodation uses. These sales will take place as and when properties are returned over the coming 18-month period through 2024 and 2025. Commonweal will continually review its non-project property portfolio to ensure they are being utilised in a way that deliver impact and supports Commonweal's charitable aims and objectives. As at the date of signature one property has already been sold, 36 Erskine Crescent N17 – sold April 2024 price achieved £536K.

COMMONWEAL HOUSING LTD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

**The following pages do not form part of the statutory financial statements and are
for the information of the Trustees only.**

Commonweal Housing Limited

DETAILED STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 December 2023

(Supplementary pages for the information of the Trustees only)

INCOME	2023	2022
Voluntary income	£	£
GEHL - Gift Aid	600,000	550,000
Other income	89,108	10,986
	<u>689,108</u>	<u>560,986</u>
Rental income		
Amari & Rhea Projects	55,426	147,094
Peer Landlord Projects/TR and Depaul	71,215	69,634
Denham International	139,744	-
East Belfast Mission (EBM)	52,128	-
QSA Move on Up Project	16,677	52,032
Private rented sector/Dabora Conway	40,529	47,010
	<u>375,719</u>	<u>315,770</u>
Total income	<u><u>1,064,827</u></u>	<u><u>876,756</u></u>
EXPENDITURE		
Project Expenditure		
Property costs (Inc. refurbishment costs on handover)	154,253	77,734
Feasibility cost and grants to partners	142,248	73,144
Depreciation and Amortisation of leases	2,409	1,762
Evaluators	6,300	19,930
Legal and professional	12,388	29,062
	<u>317,598</u>	<u>201,632</u>
Chief Executive's Office		
CEO and staff salary	363,103	298,730
Pension contributions	36,491	31,869
Social security costs	34,729	29,148
Recruitment costs	-	42,842
Travel and conferences	3,481	6,775
Freelance/Retainer Fee	43,946	30,000
Serviced office accommodation (Inc. telecoms)	103,518	92,680
IT Support and maintenance	6,172	9,632
Repairs and Renewals	-	1,785
Printing, Postage and Stationery	2,166	1,602
Insurance	14,458	9,945
Subscriptions, magazines etc	10,931	3,020
Miscellaneous	713	290
	<u>619,708</u>	<u>558,318</u>

Commonweal Housing Limited

DETAILED STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 December 2023

(Supplementary pages for the information of the Trustees only)

	2023	2022
	£	£
Support and Administration		
Consultancy and professional fees	33,285	5,958
Accounting and Payroll software	1,560	3,634
Web Design and consultancy (incl. Annual review & publicity material)	8,950	10,976
	<u>43,795</u>	<u>20,568</u>
Governance		
Audit fee	17,070	14,982
Other fees paid to auditors	16,884	-
Company secretarial	26	26
Trustee Liability Insurance	3,220	150
	<u>37,200</u>	<u>15,158</u>
Total expenditure	<u>1,018,301</u>	<u>795,676</u>
Net Income	<u>46,526</u>	<u>81,080</u>

COMMONWEAL HOUSING LIMITED

England & Wales - Charity number 1113331

Accounts

Charity No. 1113331
Company No. 5319765

COMMONWEAL HOUSING LIMITED

(a company limited by guarantee)

AUDITED REPORT AND FINANCIAL
STATEMENTS

For the year ended 31 December 2022

REPORT AND FINANCIAL STATEMENTS
For the year ended 31 December 2022

CONTENTS	PAGE
Legal and administrative details	3
Report of the Trustees	4
Independent auditors' report	11
Statement of financial activities	14
Balance Sheet	15
Cash Flow Statement	16
Accounting Policies	17
Notes of the financial statements	19

LEGAL AND ADMINISTRATIVE DETAILS

Company registration number:	5319765
Charity registration number:	1113331
Principal address:	Unit 521, SPACES 35 New Broad Street London EC2M 1NH
Registered office:	2 Babmaes Street London SW1Y 6HD
Patrons:	Sir John Mactaggart Bt The Rt.Hon. Baroness Jean Corston
Directors and Trustees:	Jack Mactaggart (Chair) Gary Medazoumian FCA Prof. Jonathan Portes Rt. Hon Fiona Mactaggart Russ Edwards Sarah Jackson OBE (resigned 15.6.22) Becky Rice (resigned 15.6.22) Sneha Patel (resigned 15.6.22) Jeremy Swain (resigned 14.9.22) Amarjit Bains Sheldon Shillingford Dr Elanor Warwick (appointed 14.12.22) Aphra Mactaggart (appointed 14.6.23)
Secretary:	Gary Medazoumian FCA
Strategic Leadership Team: CEO Deputy CEO	Ashley Horsey Amy Doyle
Bankers:	Barclays Bank plc 7 th Floor, 180 Oxford Street London BX3 2BB
Solicitors	BDB Pitmans LLP One Bartholomew Close, London EC1A 7BL
Auditors:	Price Bailey LLP Causeway House, 1, Dane Street, Bishops Stortford, Herts, CM23 3BT

COMMONWEAL HOUSING LTD - REPORT OF THE TRUSTEES

For the year ended 31 December 2022

INTRODUCTION

The Trustees, who act as directors for the purposes of the company law, present their report and financial statements for the year ended 31 December 2022.

Commonweal Housing is an independent action learning charity, working to investigate, pilot and champion housing-based solutions to social injustice. We provide experts and partner organisations with the opportunity to trial and test new approaches designed to enhance housing equality and justice.

We support project partners by providing bespoke housing and financing, enabling them to test pilot models and services. In addition, Commonweal uses more of its charitable resources to fund early-stage research and feasibility studies for emerging areas of injustice or potential solutions, as well as commissioning independent evaluation to capture the learning from pilot projects. We then work to share the learning widely to influence future policy, practice, and delivery.

We aim to achieve impact from the lessons learnt from the work we support. Commonweal will work with project partners, national bodies, academics, campaigners, journalists, central and local government directly and in partnership to do this.

Along with wider society, 2022 saw Commonweal getting back to *'new' business as usual* following the national and global turmoil of the Covid-19 pandemic. We embedded our hybrid working arrangements with staff working partly remotely and partly in our offices. We moved offices mid-year to better facilitate this; leaving the Blackfriars Foundry, our home for over 10 years, to move to serviced offices near Liverpool Street station a more convenient location for most staff and a more flexible working space.

As with many organisations we experienced a number of resignations from both staff and trustees as many people reassessed their priorities and time commitments post pandemic. In particular we said goodbye to a number of Trustees over the course of 2022, our former Vice Chair Sarah Jackson, along with Becky Rice, Sneha Patel and Jeremy Swain who between them had given us more than 10 years of collective service. We thank them greatly for their efforts, support, advice and guidance over recent years. To fill some of the gap left by these departures we were delighted to welcome Dr Elanor Warwick to the Board at the end of the year, bringing a wealth of housing and research experience to the charity.

In staffing terms, we also said goodbye in 2022 to our former Finance Coordinator, Yetty Ejere who left to take up another role nearer her home after 5½ years with Commonweal. We are grateful for her dedication to our work and for leaving our finances and financial records in a healthy state. Fred Marquis joined us in December 2022 as our new permanent Finance Manager picking up this mantle – we are delighted to have her with us and for her help in pulling these accounts together.

Another major world event in 2022 was the invasion of Ukraine by Russia; something that prompted a wave of activity across the UK population and the charity sector. The Commonweal Board wished to respond and identified an amount of revenue funding to be used to address some of the consequences, including the UK housing consequences, of this illegal invasion. The Board approved a cash donation to Depaul International the sister charity of one of our existing project partners (Depaul UK) to support their efforts in Ukraine. In addition Commonweal funded new research in to issues around migration and human trafficking that were considered likely to be exacerbated by the war as well as further research in to the impact of the UK Government's supported Homes for Ukraine scheme providing temporary homes for families and individuals that fled the fighting to the UK.

The Board of Commonweal recognise again the ongoing support and backing from the Directors of Grove End Housing, a not-for-profit property company, our principal benefactor. We appreciate the trust and faith they continue to put in Commonweal and we are delighted that this relationship has extended in new ways in 2022 as GEHL became a formal social investor in one of our projects in addition to their generous direct financial support to the charity. We are proud of our lineage as part of the wider philanthropic heritage of the Mactaggart family.

This last year, 2022, was the third and final year of the Business Strategy agreed by the Board in 2019 covering the period Jan 2020 – Dec 2022. This focussed, (but not exclusively) on three thematic areas of injustice:

- **Violence against women and girls**
- **The criminal justice system**
- **Transitions** – notably in accommodation from institutions to independence or other 'life' transitions

COMMONWEAL HOUSING LTD - REPORT OF THE TRUSTEES

For the year ended 31 December 2022

In December 2022 the Board agreed a new three-year strategy to December 2025 aimed at continuing our journey towards our ambition that by 2025 Commonweal will be widely viewed as: **“a ‘go to’ organisation for innovative and deliverable housing-based solutions to social injustice – at the forefront of imaginative thinking”**

The Board set in that new strategy the following priority social justice themes to guide our work in the coming years:

- **Criminal justice system** – focussed on specific groups such as: youth justice, over-representation of BAME individuals, mental health issues
- **Young adults and those facing difficult transitions to adulthood**
- **Migration and Trafficking** – incorporating areas of work around asylum, migration, modern-day slavery as well as human trafficking

Commonweal will continue to use its voice, its resources, partnerships, and its energy to highlight the importance to people’s lives of safe, stable, secure, and accessible housing.

Commonweal is a social injustice housing-based action learning charity

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Charity is a charitable company limited by guarantee and a registered charity. It is governed by its Memorandum and Articles of Association (as amended). These provide for one third of the Trustees to retire at each Annual General Meeting. The minimum number as set out in the Memorandum and Articles of Association is three and the quorum is set at two Trustees.

For the duration of 2022 Commonweal has been Chaired by Jack Mactaggart, and we have been pleased to have been able to return throughout 2022 to in person Board meetings.

The Board has set out a skills matrix identifying the core skills, knowledge and competencies felt to be necessary to provide suitable oversight, governance, and guidance to the charity. The Trustees self-assess against those skills; it was against this skills matrix that the Board recruited Dr Elanor Warwick who brings with her specific knowledge and experience around housing related research as well as the wider social housing sector. The Charity has in place a program for the induction and training of new Trustees as well as ongoing training opportunities and conference attendance for all Trustees which included in 2022 specific training for the whole Board on equality, diversity and inclusion – something also undertaken separately by the staff team

The Board is the administrative and governing body and meets four times a year, ensuring and monitoring that the Charity is performing well, is solvent and complies with all its obligations. The Board has ensured that appropriate trustee indemnity insurance is in place.

In 2022, the Board considered again the findings of the 2020 formal Governance Review and progress made in delivering the action plan arising from that exercise. In light of this review the Board agreed to extend the formal governance review cycle to every 5 years such that the next external review will be commissioned in 2025.

Organisational structure and decision-making

The Board is responsible for the policy and strategy of the Charity, ensuring the long-term sustainability of the organisation along with its financial and legal probity.

The Chief Executive, Ashley Horsey, is responsible for implementing policies and strategies approved by the Board and for progressing organisational objectives and leading operational delivery by the staff team.

The Board consider the strategic leadership team of the charity to consist of the Chief Executive and the Deputy Chief Executive, Amy Doyle, who under FRS102 constitute the key management along with the trustees.

As part of their consideration of Governance structures for the charity and in light of the reduction in trustees

COMMONWEAL HOUSING LTD - REPORT OF THE TRUSTEES

For the year ended 31 December 2022

over 2022 the Board amalgamated the two previous committees of the Board, the HR Committee and the Remuneration & Governance Committee in to one new entity the People & Governance Committee. The P&G Committee meets not less than three times per annum, once in the spring focussing primarily on HR and employment matters; once in the summer looking at governance issues and once in the autumn as part of the budget preparation cycle. This autumn meeting recommends any changes to pay remuneration for staff, including remunerated key management personnel, to the Board for their December budget-setting meeting for the forthcoming year.

OBJECTIVES AND ACTIVITIES

The Charity's core objects are the provision of housing for those who are in conditions of need and the advancement of education and training (but without limitation) in relation to housing need.

We deliver our objects via three core work streams plus a growing role as thought leaders, honest brokers, and a platform for discussion around housing and social injustice:

Property (acquisition) based medium to long term (5-10 year) action learning projects where the major investment by Commonweal is in the provision of the bespoke housing – using our existing capital or revenue funds as well as social investment funding. These cornerstone projects are aimed at thoroughly testing a new model or service with learning captured and widely shared to encourage or enable replication, policy or practice change by others.

Short term initial feasibility studies undertaken by others using Commonweal's revenue funding. Such early-stage studies are designed to give prospective partners the capacity and resources to explore a new or emerging idea they have where they feel it *might* lead to a housing-based solution and therefore may become a formal Commonweal property-based pilot project. In 2022 we ran our latest *Call for New Ideas* funding programme inviting feasibility study proposals from as wide a range of organisations as possible. We funded 6 new project partners in 2022 and look forward to receiving their initial feasibility studies in 2023.

Short term research – reflecting our desire to constantly learn and develop, in 2022 we launched a new research funding programme where Commonweal directly commission external research in to key areas and issues of concern to us across our new Business Strategy themes. In 2022 this activity was focussed on support for research in to the housing, migration and trafficking impacts of the war in Ukraine. This was under the auspices of our new migration, asylum and trafficking themes. As with all activity supported by Commonweal the measure of success is not that such work is being done *per se* but that this work has a wider impact – as such Commonweal has worked with partners and authors of this research to disseminate and promote findings widely.

Influencing policy and practice through effective dissemination and promotion of the findings from our own projects and studies but also offering a platform and promoting the thoughts and ideas of practitioners and experts in the fields of housing and social injustice.

In addition to these core work streams we will also consider opportunities for small-scale direct social investment where this will help meet our charitable objectives.

Our strap line '**housing solutions to social injustice**' is backed by a core set of values that were reaffirmed by the Board in 2022:

- **Collaboration**
- **Learning**
- **Imagination and challenge**
- **Trust and integrity**

What do we offer as a charity?

COMMONWEAL HOUSING LTD - REPORT OF THE TRUSTEES

For the year ended 31 December 2022

- **Housing** – The flexibility to target and acquire bespoke housing options specifically for projects rather than trying to fit new housing schemes and projects in to an existing property portfolio.
- **Experience** – Over 14 years of experience supporting and enabling pilot projects. Evidence of a self-learning culture, adapting future actions to ensure best outcomes.
- **Passion** – A genuine sense as an organization and a Board of Trustees that demonstrably ‘want to do good’ and are determined to do just that.
- **Focus** – Small portfolio of projects; where possible seeking to maintain a balanced portfolio of projects especially in terms of areas of social injustice being addressed.
- **Innovation and Ideas** – A willingness to identify and accept new and challenging ideas where it is felt they can deliver solutions.
- **Independence** – The charity does not normally seek to deliver the solutions or replication itself and can therefore lobby and campaign for policy change or future replication funding from a position that does not impact upon (or could be seen as conflicted by) its own future business plans or income streams. We are *an invested partner not a vested interest*.
- **Learning and Evaluation** – Commissioning of independent evaluation of all our projects as well as documenting learning from our partners as projects progress
- **Promotion** – An expectation of sharing our learning, positive or negative, to aid replication of successes and to inform future policy and operations where our projects have failed.
- **Funding** – Generous ongoing funding from our principle benefactor and a growing track record in successfully attracting and utilising external social investment
- **Self-awareness** – we take time to review our strengths and weaknesses and will actively encourage project partners to do the same.

Social Investment:

Commonweal has been at the forefront of the innovative use of social investment funding for over 10 years now. With partners we have created an investment model to support our action learning projects, developing a social investment structure that gives investors the opportunity and comfort to invest in new pilot and untested initiatives, ideas, projects, and front-line organisations that would not normally pass muster with their investment committees on their own merits. We are grateful to those social investors that have trusted us with their money but have also given us their skills and expertise in providing strategic guidance to our action learning projects. We remain grateful to the Esmée Fairbairn Foundation, Trust for London, City Bridge Trust, Big Society Capital, Cheyne Capital, Quaker Social Action and The Monday Charitable Trust for supporting us. We are delighted that in 2022 we were able to attract new investment to support our latest project, entitled You’re Home, in Belfast working with the East Belfast Mission. We are grateful to Peter Waddington and GEHL for backing this project and pleased that we have been able to acquire the initial properties for this project in the spring of 2023.

The key activities and projects for the year along with details and copies of any reports supported by Commonweal can be found on our website: www.commonwealhousing.org.uk

FINANCIAL REVIEW

We are very fortunate to have a long-standing partner and principal benefactor, Grove End Housing Limited, who continue to provide our Core revenue funding. In addition, Commonweal receives rental income on its residential property portfolio which aligns with the increase in Local Housing Rates.

In 2022 GEHL revenue funding accounted for 63% of income excluding a gain on disposal of tangible fixed assets (2021 57%); and rental income 36% (2021 41%).

The Trustees consider the results of increased income from our residential property portfolio and the continued support from Grove End Housing and the overall reduced expenditure disclosed on the following pages to be satisfactory.

Public benefit statement

The Board confirm that they have complied with the duty in the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission. Further information regarding the Charity’s activities, public benefit and impact are presented in its Annual Impact Review, which is available on its website. <http://www.commonwealhousing.org.uk/>.

Risk management and principal risks and uncertainties

COMMONWEAL HOUSING LTD - REPORT OF THE TRUSTEES

For the year ended 31 December 2022

The Trustees have assessed the major risks to which the Charity is exposed and are satisfied that systems are in place to mitigate exposure and consequences of key risks. The Trustees consider and review the core strategic and operational risks facing the charity regularly throughout the year including the controls and mitigations in place to address or ameliorate these risks and note any new information from the Executive.

The Board recognize 5 core corporate risks that if they were to materialize would mean Commonweal would fundamentally not be delivering our charitable aims and objectives:

	Core Strategic RiskAreas	Key Mitigations & Controls
A	Failure to adequately understand the issues and project areas, identifying the right project partner and most effective evaluation.	Clear new Business Strategy themes giving staff focus. Growing confidence and understanding of what makes a good project / good partner. Increasing use of pre-pilot feasibility studies to assist in potential project development alongside separate research funding provision to help grow our knowledge of new thematic areas.
B	Failure to secure appropriate and meaningful impact from projects - failure to ensure learning has impact	Increased focus on impact – which can occur across a range of new activity – policy, practice as well as direct replication. Increased focus on impact from the start and the enhanced processes being implemented following the Spring Impact Scale Accelerator programme 2019-2021.
C	Failure to maximise learning from evaluation contracts including original project size being too small and not providing critical mass	As above increased focus on impact and implementation of new Scale Accelerator processes. Constantly evolving and enhancing our Evaluation and Replication frameworks shared with project partners and evaluators to ensure all parties understand their roles and expectations. Greater engagement with Policy & Comms Manager at earlier stage in project development and delivery aiding this process.
D	Failure to adequately manage and oversee portfolio of projects - ensuring delivery by all parties of expected / required actions and activities.	Project Team overseen by the Deputy CEO continues to ensure close engagement with project partners. Additional staffing capacity in recent 2022 More proactive property inspection and oversight regime being reinstated by Consultant Surveyor and other Commonweal staff.
E	Loss or significant reduction of funding from principal benefactor (GEHL)	Ongoing and positive engagement with GEHL by CEO and Chair. GEHL's change in their own rules over recent years gives CWH further comfort on funding.

Reserves Policy

It is the policy of the Charity to maintain a proportion of its reserves in a readily realisable form to ensure that its core activity could continue during a period of unforeseen difficulty. The Trustees consider readily realisable reserves to be the amount of reserves that are easily converted into cash without the need to dispose any of its properties.

The Trustees assess the required level of reserves on an annual basis alongside its operating budget. This assessment takes into account the risks associated with each stream of income and expenditure varying from budget, its planned activity level, commitments to repay the loans secured on its properties and the need to keep sufficient bank balances to be able to manage the day-to-day fluctuations of receipts and payments. In 2021 The Trustees agreed a further planned deficit budget for 2022. However, the final year end out-turn resulted in an improved position against the original budget. After accounting for a £100k grant commitment made to Birmingham University Jane Slowey Memorial Fund the organisation has achieved only a small operating deficit. Commonweal has supported this bursary scheme for the past four years in memory of our former Trustee. The Trustees believe that there is a merit for us to continue supporting it and therefore, the grant commitment we made this year will be paid over a ten-year period. The improvement in the deficit (before fair value adjustments) was partially achieved due to increased rental income from projects; proceeds from the sale of former project property in the year and a property depreciation policy change we applied in the accounts in 2021. In addition to this the non-utilisation of some of

COMMONWEAL HOUSING LTD - REPORT OF THE TRUSTEES

For the year ended 31 December 2022

the additional provisions in full in some overheads. The Trustees agreed a further planned deficit budget with a view that more planned deficit budgets may be approved, where general reserves of the charity allow, ensuring the charitable funds held are being appropriately used. This included consideration of potential further mission related investment expenditure. However, none took place in 2022.

In December 2022, the reserves policy was reviewed by the Trustees and based on its 2023 operating budget and cash flows, a readily available cash reserve figure of a minimum of £125k was agreed to be necessary. The actual cash reserves at the 31 December 2022 were £1.2M. A further £25k was designated as a Project Fund which represents monies set aside to enable the charity to pay from the General Fund its quarterly yield payments under the terms of its second social investment project. This investment project ended in 2022 and therefore this fund can be released.

Property Revaluation and Depreciation Policy

In 2021 the Trustees of Commonweal reviewed the current property revaluation and depreciation policy and agreed all fixed assets of the same class, (i.e., properties) to be revalued using external professional desktop valuations each year. For properties Commonweal will sell in any given year a formal RICS valuation will be undertaken.

2022 is therefore the second year where the new property revaluation policy applied in the accounts for all properties, the figures reflect these changes and the property market at present. The change has not been applied retrospectively as it is impractical to do so.

The Trustees also reviewed the policy on the treatment of depreciation on properties and agreed not to depreciate properties. Further details are stated on the Notes section of the accounts on Fixed Assets and Depreciation.

As at 31st December the Charity's total reserves stood at £9.9M (2021: £11.1M) as set out in detail in note 14. Of this total figure 94% (2021: 95%) is included in the Designated Property Fund, represented by the functional assets of the Charity, which can only be realised by disposing the Charity's freehold and long leasehold properties.

Commonweal Trustees regularly consider options available to it to utilise its general reserves to further the charity's aims and objective. This has in the past (and may do so again in the future where suitable schemes are identified) included undertaking direct mission related investment.

PLANS FOR FUTURE PERIODS

Key priority in 2023 is to progress new property acquisition-based projects and successfully conclude property acquisitions for the You're Home project. To date Commonweal has been successful in securing offers of new social investment to support new project development and related acquisitions, and are concluding legal agreements accordingly. We remain confident of being able to secure and service such new investment deals.

Trustees' Responsibilities for the Financial Statements

The trustees (who are also directors of Commonweal Housing Limited for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the 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 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 the 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 2019 (FRS 102);
- ▶ state whether applicable UK Accounting Standards have been followed
- ▶ make judgements and estimates that are reasonable and prudent; and
- ▶ prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Charity will continue in operation.

COMMONWEAL HOUSING LTD - REPORT OF THE TRUSTEES

For the year ended 31 December 2022

The trustees are responsible for keeping adequate accounting records that 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 Auditors

Each of the trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditors are aware of such information.

Auditors

Following the resignation of Haysmacintyre LLP as auditors in 2022 the Board formally approved the appointment of Price Bailey LLP as auditors at their Board meeting on 14th December 2022. A resolution proposing the reappointment of Price Bailey LLP will be put to the next Annual General Meeting.

Small companies note

In preparing this report the Trustees, who are also the directors, have taken advantage of the small companies' exemptions provided by section 415A of the Companies Act 2006.

ON BEHALF OF THE BOARD OF TRUSTEES

Trustee

JAM

J Mactaggart (Sep 25, 2023, 1:56pm)

25 September 2023

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE COMMONWEAL HOUSING LIMITED

Opinion

We have audited the financial statements of Commonweal Housing Limited for the year-ended 31 December 2022 which comprise the statement of financial activities, the balance sheet, the cash flow statement, 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 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 December 2022 and of the charitable company's net movement in funds, including the 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 charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the 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. The other information comprises the information included in the Report of the Trustees. 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.

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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE COMMONWEAL HOUSING LIMITED

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken during the audit:

- the information given in the Report of the Trustees (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 Report of the Trustees has 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 during the audit, we have not identified material misstatements in the Report of the Trustees (which incorporates the directors' 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 by the charitable company; or
- the charitable company 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; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 9, 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 gained an understanding of the legal and regulatory framework applicable to the Charitable Company and the sector in which it operates, and considered the risk of the Charitable Company not complying with the applicable laws and regulations including fraud in particular those regulations directly related to the financial statements, including financial reporting, and tax legislation. In relation to the operations of the Charitable Company this included compliance with the Companies Act 2006, Charities Act 2011 and SORP 2019.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE COMMONWEAL HOUSING LIMITED

The risks were discussed with the audit team and we remained alert to any indications of non-compliance throughout the audit. We carried out specific procedures to address the risks identified. These included the following:

Reviewing minutes of Board meetings, reviewing any correspondence with the Charity Commission, agreeing the financial statement disclosures to underlying supporting documentation, and making enquiries of management and officers of the Charitable Company. We procedures in place for the reporting of any incidents to the Trustee Board including serious incident reporting of these matters as necessary with the Charity Commission and a review of legal fees during the period.

Management override: To address the risk of management override of controls, we carried out testing of journal entries and other adjustment for appropriateness. We also assessed management bias in relation to the accounting policies adopted and in determining significant accounting estimates.

Because of the inherent limitations of an audit, there is the risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involved intentional concealment, forgery, collusion, omission or misrepresentation.

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.



Michael Cooper-Davis FCCA ACA (Senior Statutory Auditor)
for and on behalf of
Price Bailey LLP
Chartered Accountants
Statutory Auditors

24 Old Bond Street
London
W1S 4AP

Date: 26 September 2023

Commonweal Housing Limited

STATEMENT OF FINANCIAL ACTIVITIES (Including Income and Expenditure Account) For the year ended 31 December 2022

	Note	2022	2021 As Restated
		£	£
Income from:			
Donation and legacies	2	550,000	500,000
Charitable activity - rental income		315,770	363,495
Other income		4,374	10,875
Investment income		2,076	2,407
Gain on disposal of fixed assets		4,536	19,000
Total		<u>876,756</u>	<u>895,777</u>
Expenditure on			
Charitable activities	3	<u>795,676</u>	<u>795,391</u>
Total		<u>795,676</u>	<u>795,391</u>
Net income before amortisation adjustments		81,080	100,386
Amortisation charges on loan notes	13	<u>(171,751)</u>	<u>(237,800)</u>
Net income/(expenditure)		(90,671)	(137,414)
(Loss)/ Gain on revaluation of fixed assets		<u>(1,089,030)</u>	<u>6,010,565</u>
Net movement in funds		(1,179,701)	5,873,151
Funds brought forward as previously stated		11,239,408	5,366,257
Prior year adjustment	17	<u>(131,181)</u>	<u>(131,181)</u>
Funds carried forward		<u>9,928,526</u>	<u>11,108,227</u>

The notes numbered 1 to 17 form part of these financial statements.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006. All of the income and expenditure relates to continuing activities.

Commonweal Housing Limited

BALANCE SHEET

As at 31 December 2022

	Notes	2022 £	2021 As Restated £
Fixed assets			
Tangible assets	6	12,295,814	14,743,497
Programme related investment	8	78,616	78,167
Other unlisted investment	9	1	1
		<u>12,374,431</u>	<u>14,821,665</u>
Current assets			
Debtors	10	91,830	33,422
Cash at bank and in hand		<u>1,267,148</u>	<u>621,923</u>
		1,358,978	655,345
Current Liabilities			
Creditors: amounts falling due within one year	11	(757,504)	(57,832)
Loan notes: amounts falling due within one year	13	<u>(1,926,263)</u>	<u>(1,250,945)</u>
Net current (liabilities)/assets		(2,683,767)	(1,308,777)
Net current assets		<u>(1,324,789)</u>	<u>(653,432)</u>
Total assets less current liabilities		11,049,642	14,168,233
Creditors: amounts due more than one year			
Loan notes	13	(1,041,116)	(2,970,006)
Grants	12	<u>(80,000)</u>	<u>(90,000)</u>
Net assets		<u>9,928,526</u>	<u>11,108,227</u>
Income funds			
Unrestricted funds:	14		
- Designated Property Fund		9,328,435	10,522,546
- Programme related Investment		78,616	78,167
- General Fund		<u>521,475</u>	<u>507,514</u>
Total funds		<u>9,928,526</u>	<u>11,108,227</u>

The notes numbered 1 to 16 form part of these financial statements.

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

The accounts were approved and authorised for by the Board of Trustees on 25 September 2023 and signed on their behalf by

JAM

J. MacGilligan (2023, 1:56pm)

Director/Trustee & Chair of the Board of Trustees

Date: 25 Sep 2023

Gary Medazourian

G. Medazourian (2023, 2:48pm)

Director/Trustee

25 Sep 2023

COMMONWEAL HOUSING LTD

CASH FLOW STATEMENT

For the year ended 31 December 2022

	2022	2021 As Restated
	£	£
Net movement in funds	(1,179,701)	5,873,151
Deduct: investment income receivable	(2,076)	(2,407)
Add back/(Deduct): revaluation of fixed assets	1,089,030	(6,010,565)
Add back: Amortisation adjustment	171,751	237,800
Deduct: Interest paid	(111,804)	(178,395)
Deduct: gain on disposal of fixed assets	(4,536)	(19,000)
Add back: depreciation	1,742	1,988
Increase in debtors	(58,408)	(16,254)
Increase in creditors (excluding loans)	699,672	124,172
Decrease in grants	(10,000)	-
Net cash provided by operating activities	<u>595,670</u>	<u>10,490</u>
Cash flows from investing activities		
Investment income received	2,076	657
Proceeds from disposal of fixed assets	1,357,829	1,367,606
Add back: charges on property sale	5,017	1,394
Cash paid in respect of tangible fixed assets	(1,848)	(230,049)
	<u>1,363,074</u>	<u>1,139,608</u>
Cash flows from financing activities		
Loan notes repaid in the year	(1,313,519)	(1,287,625)
Increase/(decrease) in cash and cash equivalents in the year	645,225	(137,527)
Cash and cash equivalents at the start of the year	<u>621,923</u>	<u>759,450</u>
Cash and cash equivalents at the end of the year	<u><u>1,267,148</u></u>	<u><u>621,923</u></u>

Analysis of cash and cash equivalents and net debt

	01-Jan 2022	Cash flows	Amortisation and loan interest movements	31-Dec 2022
Cash	621,923	645,225	-	1,267,148
Loans notes	(4,220,951)	1,313,519	(59,947)	(2,967,379)
	<u>(3,599,028)</u>	<u>1,958,744</u>	<u>(59,974)</u>	<u>(1,700,231)</u>

COMMONWEAL HOUSING LTD

NOTES TO THE FINANCIAL STATEMENTS – ACCOUNTING POLICIES

For the year ended 31 December 2022

NOTE 1 – ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with applicable law 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) (second edition, effective 1 January 2019) - (Charities SORP (FRS 102)), and with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). The financial statements are presented in sterling and figures are rounded to the nearest £.

The charity 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 note(s).

ENTITY STATUS

Commonweal Housing Limited is a private charitable company limited by guarantee and meet the definition of a public benefit entity as defined by FRS102. Further details of its company and charity registration are given on page 3.

GOING CONCERN

The Trustees have prepared cash flow forecasts for the period of at least 12 months from the date of approval of these financial statements which indicate that the charity will have sufficient funds, through continued funding from its principal benefactor, Grove End Housing, to meet its liabilities as they fall due for that period. Accordingly, the financial statements are prepared on a going concern basis and the Trustees do not consider there to be any material uncertainty in connection with the charity's ability to continue to operate.

ESTIMATION UNCERTAINTY AND JUDGEMENTS

The directors consider the principal areas of estimation uncertainty and judgement to be the valuation of property and the valuation of the related loan notes for socially funded properties.

INCOME

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

Properties transferred to the charity by way of gift are recognised at fair value at the date of transfer.

EXPENDITURE

All expenditure relates to charitable activities and includes direct costs, indirect support costs and governance costs. Governance costs, which are the statutory and organisational costs of operating the charity as a legal entity.

Grants payable in furtherance of the charity's objects are recognised as expenditure when payment is due to the partner organisation, in accordance with the terms of the funding agreement. Standard funding agreements are typically for a year's duration or less, but can span several years. The funding agreements contain conditions, the fulfilment of which is under the control of Commonweal. For funding agreements in place at the year-end that include payments to be made in future years, where conditions attached to their payment limit their recognition as current liability, these payments are disclosed in Note 12 to the financial statements as commitments.

COMMONWEAL HOUSING LTD

NOTES TO THE FINANCIAL STATEMENTS – ACCOUNTING POLICIES

For the year ended 31 December 2022

PENSION CONTRIBUTIONS

Contributions in respect of personal pension schemes are included in the statement of financial activities for the year in which they are payable to the scheme.

FIXED ASSETS AND DEPRECIATION

Assets with a useful economic life exceeding one year are initially recognised at costs where they are purchased or a fair value at the time of transfer in respect of assets where they are donated. The fair value of such assets is treated as a deemed cost.

All property assets are restated at their fair value at the balance sheet date three months after acquisition. The fair value is determined by the Trustees with reference to the average of two different comparative medium range desktop valuation data along with professional valuations of certain properties and having regard to any actual transactions. The policy of revaluing all properties has applied since 2021.

Depreciation is provided on all tangible fixed assets, except properties at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life, as follows: -

- | | |
|---|--|
| A) Freehold and long leasehold buildings | - No depreciation from 2021 |
| B) Socially funded freehold and leasehold buildings | - No depreciation from 2021 |
| C) Computer and other equipment | - 20% per annum on a straight-line basis |

Expenditure on refurbishment works and associated costs on making the charity's freehold and leasehold properties project ready for occupation is written-off as incurred. The trustees consider that it appropriate not to charge depreciation as the property is maintained in reasonable condition and valued annually.

PROGRAMME RELATED INVESTMENTS

Programme related investments are stated at transaction value less any provision for impairment required. In accordance with the Charities SORP they are not restated at fair value.

LOAN NOTES

Loan notes represent finance obtained from Social Investors. The Social Investors' return includes not only a market rate of interest but an additional final payment equal to an agreed percentage of the gain made on disposal of the related property. The loan notes are treated accounted for under section 12 of FRS102 and the final contractual return to the lender/investor is neither a fixed rate or amount, nor a variable rate linked to a single observable interest rate or index of general price inflation, though the annual payments on some loans are subject to a CPI uplift . The loan notes contain non-financial variables specific to a party to the contract such as the potential future value and condition of the property which may affect the final contractual return. In accordance with section 12 the Trustees have therefore used the amortised cost model to value the loan notes. This calculation considers the most recent expected cash-flows based on external valuations agreed payments to the lenders. The actual redemption values of the loan notes are likely to differ from the estimated cashflows recorded at the preceding balance sheet date and this will result in a further amortisation adjustment in the year of redemption.

FUNDS

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure, which meets these criteria, is charged to the fund. There were no such funds in 2021 or 2022.

Unrestricted funds are donations and other income received or generated and are expendable at the discretion of the Trustees in furtherance of the charity's objectives. Designated funds are unrestricted funds earmarked by the Trustees.

COMMONWEAL HOUSING LTD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

2. DONATIONS AND LEGACIES

	2022 £	2021 £
Donations		
Grove End Housing	<u>550,000</u>	<u>500,000</u>

3. EXPENDITURE

	Staff costs £	Other costs £	2022 Total £
Charitable Activities - 2022			
Direct and support costs	359,747	532,725	892,472
Re-allocation loan note interest	-	(111,804)	(111,804)
Governance costs	-	15,008	15,008
	<u>359,747</u>	<u>435,929</u>	<u>795,676</u>
	Staff costs £	Other costs £	2021 Total As Restated £
Charitable Activities - 2021			
Direct and support costs	336,886	623,628	960,514
Re-allocation loan note interest	-	(178,395)	(178,395)
Governance costs	-	13,272	13,272
	<u>336,886</u>	<u>458,505</u>	<u>795,391</u>

Direct and support costs represent the cost of provision of the core activities of the charity: delivering housing solutions and understanding housing needs including the associated support costs to deliver these activities. £532,725 (2021: £623,628) under other costs above relates to the charities main core activities as follows: -

	2022 £		2021 As Restated £	
Property related project costs	210,313	50%	158,104	36%
Feasibility Studies and Grants to partners	20,000	5%	199,558	45%
Learning and Sharing	5,273	1%	4,800	1%
Office related operational costs	185,335	44%	82,771	19%

Governance costs relate to the direct costs associated with the effective governance of the charity. These include audit fees £14,782 (2021: £13,083), Company Secretarial £26 (2021: £39) and Trustee Liability Insurance £Nil (2021: £150).

Net income is after charging depreciation on the fixed assets of £1,742 (2021: £1,988).

COMMONWEAL HOUSING LTD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

4. STAFF COSTS

	2022	2021
	£	£
Wages and salaries	298,730	280,769
Pension contributions	31,869	30,480
Social security costs	29,148	25,637
	<u>359,747</u>	<u>336,886</u>

	2022	2021
	No.	No.
Particulars of employees:		
The average number of employees during the year, calculated on the basis of full-time equivalents, was as follows:		
Chief Executive	1	1
Project and Communications Staff	5	4
Finance and Administrative staff (FTE:1; 2021: 1)	1	1
	<u>7</u>	<u>6</u>

The average monthly head count of employees' number during the year is 7.

One employee received remuneration (excluding employer pension contributions) in the range of £90,000-£100,000 during the year (2021: one in the range £90,000-£100,000). The Trustees consider that the Key Senior Management Personnel of the charity comprised the Chief Executive and the Deputy Chief Executive Officer whose total remuneration including all benefits was £171,512 (2021: £166,426).

5. PAYMENTS TO TRUSTEES AND CONNECTED PERSONS

No Trustee or person with a family or business connection with a Trustee received remuneration in the year directly or indirectly, or had any expenses reimbursed (2022: nil).

COMMONWEAL HOUSING LTD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

6. TANGIBLE FIXED ASSETS

	Land & Buildings £	Computer & other equipment £	Total £
Cost or Valuation			
At 1 January 2022	14,736,859	12,083	14,748,942
Additions	-	1,848	1,848
Disposals	(1,357,829)	(2,870)	(1,360,699)
Revaluation	(1,089,030)	-	(1,089,030)
At 31 December 2022	<u>12,290,000</u>	<u>11,061</u>	<u>12,301,061</u>
Depreciation			
At 1 January 2022	-	5,445	5,445
Charge for the year	-	1,741	1,741
Eliminated at Disposals	-	(1,939)	(1,939)
At 31 December 2022	<u>-</u>	<u>5,247</u>	<u>5,247</u>
Net book value			
At 31 December 2022	<u>12,290,000</u>	<u>5,814</u>	<u>12,295,814</u>
At 31 December 2021	<u>14,736,859</u>	<u>6,638</u>	<u>14,743,497</u>

The net book value includes £6,515,000 in respect of long leasehold properties (2021: £4,693,000).

7. SOCIAL INVESTMENT FINANCING

The Social investment deal for the three remaining Redbridge properties reached maturity in 2022.

These were sold at a higher market price of £1,381,000 before charges. The Original purchase cost for these properties was £1,156,077 and the gross uplift was £224,923 before deductions. As per the loan agreement investors received the original purchase price plus 75% of their uplift share after legal and loan note redemption charges. Commonweal retained the remaining 25% of the uplift share after paying our share of legal fees and related loan notes redemption charges. The fair value adjustments and cumulative movements on the loan notes for all socially funded properties are illustrated in note 13.

8. PROGRAMME RELATED INVESTMENT

In 2018 Commonweal provided in pursuance of its charitable objects loan funding of £70,000 on a 10-year interest bearing arrangement to Action Foundation a registered charity based in Newcastle Upon Tyne with a 2.5% fixed interest on outstanding balances. The balance shown relates to the outstanding loan and accrued interest receivable. The loan is secured on property.

9. UNLISTED INVESTMENT

The unlisted investment of £1 represents the charity's interest in the share capital of its wholly- owned subsidiary undertaking, Re-Unite Limited. The subsidiary is registered in England and Wales and has not traded since it was incorporated on 28 October 2009.

COMMONWEAL HOUSING LTD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

10. DEBTORS AND PREPAYMENTS	2022	2021
	£	£
Prepayments and accrued income	91,830	33,422
	<u>91,830</u>	<u>33,422</u>

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2022	2021
	£	£
Other creditors	135,924	14,847
Social security costs	11,580	9,163
Accruals and deferred income	600,000	33,822
	<u>747,504</u>	<u>57,832</u>

£600K was received at the end of 2022 from GEHL for Income in 2023.

Included in other creditors is 100k being held from GEHL which will be used to fund the You're Home Project in partnership with East Belfast Mission in their role as investor in property acquisitions this was paid over to solicitors before the end of January 2023 to enable completion of property purchases on 1st February 2023 at which time normal loan note commercial terms were agreed.

12. GRANT COMMITMENTS

The long-term creditor of £80,000 relates to a grant commitment of £100,000 to the University of Birmingham comprising 10 equal payments of £10,000 from October 2022. £20,000 is included in creditors falling due within one year.

13. LOAN NOTES

The table below illustrates the Loan notes values after amortisation adjustments: -

Project Name	Acquisitions date	Loan notes maturity date	Loan notes	Percentage interest for yield payments	Loan notes redeemed	Balance Left at the Balance Sheet Date (31.12.2022)	Comments
PRAXIS – NRPf	2016	2022	£1,250,945	4.32%	£1,250,945	-	Properties sold and investors paid back.
MOVE ON Up - QSA	2017	2023	£1,939,318	3.75%	£ -	£1,926,263	Interest - CPI linked increase each year
DEPAUL - PL	2019	2026	£1,030,688	3.75%	£ -	£1,041,116	

COMMONWEAL HOUSING LTD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

	2022 £	2021 As Restated £
Amortisation adjustments		
At the beginning of the year	4,220,951	5,449,171
Loan notes redeemed in the year	(1,313,519)	(1,287,625)
Amortisation charge	171,751	237,800
Interest paid to investors	(111,804)	(178,395)
Loan notes at amortised value	2,967,379	4,220,951

Loan notes split with amortised adjustments and cumulative movements:

	2022 £	2021 As Restated £
Amount due within one year	1,926,263	1,250,945
Amount due after more than one year	1,041,116	2,970,006
Total	2,967,379	4,220,951

14. UNRESTRICTED FUNDS

	Balance at 01 January 2022 - As Restated £	Income and gains £	Expenditure/ Losses £	Transfers between funds £	Balance at 31 December 2022 £
Designated Funds:					
Property Fund	10,522,546	43,687	(1,188,128)	(49,670)	9,328,435
Programme related Investment	78,167	449	-	-	78,616
General Fund	507,514	871,771	(907,480)	49,670	521,475
	11,108,227	915,907	(2,095,608)	-	9,928,526

The Property Fund represents the total amount value of tangible fixed assets less loan notes.

The Programme related investment is the money Commonweal advanced as a loan to Action Foundation a charity based in Newcastle Upon Tyne to pursue its charitable objects on a 10-year interest bearing arrangement. The loan is secured on a property (see note 8).

The General Fund represents undesignated monies retained to provide the working capital to enable the charity to carry out its activities as a provider of housing solutions to social injustice

COMMONWEAL HOUSING LTD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

15. RELATED PARTIES

One of the Trustees of the charity Gary Medazoumian is a member of Grove End Housing Limited (GEHL), a Registered Society registered under the Co-operative and Community Benefit Societies Act 2014.

Due to the nature of the charity's operations, transactions have taken place with GEHL at arm's length on normal trading terms which, under Financial Reporting Standard Number 8, require disclosure in the charity's accounts.

The following related party transaction occurred between the charity and GEHL during the year:

- (a) GEHL donated the sum of £550,000 (2021: £500,000) to the charity to fund its charitable activities.
- (b) GEHL Loan in creditors to support You're Home project property purchases £100,000 – paid December 2022 & paid to solicitors January 2023
- (c) Income in advance 600k received in 2022 from GEHL in relation to the donation towards charitable activities for 2023.

16. POST BALANCE SHEET EVENT

In 2022 Commonweal entered in to a new project agreement with local charity East Belfast Mission (EBM) with the ambition of purchasing five houses in the city to enable EBM to test a new hostel move-on programme. To support the purchase of these homes Commonweal was able to secure new social investment funding from two new investors. The formal investment facility agreement was signed in August 2022. Funds are only drawn down from investors at the point of legal exchange / completion of properties after they have completed the usual conveyancing and legal searches and the charity is assured of clean title. The first two properties were purchased in February 2023, a third was completed in March 2023 with a fourth purchased in May 2023. The fifth and final property purchase was completed in August 2023. As with our standard social investment model Loan Notes have been issued in favour of the investors commensurate with their funding for each of the properties purchased.

17. PRIOR YEAR ADJUSTMENT

The trustees have changed the accounting policy for loan notes during the period. This involves moving from the fair value model to an amortised cost model, to better reflect the requirements of FRS 102 section 12 with regard to non-financial variables specific to a party to the contract. The change in valuation policy has resulted in a recalculation of the previous period and a prior year adjustment has been made to the overall valuation of the loan notes from 01/01/2021 to 31/12/2021. This adjustment has also affected the prior year opening balances from 01/01/2020 to 31/12/2020. These changes have been reflected across the statement of financial activities, balance sheet and related notes.

COMMONWEAL HOUSING LTD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

**The following pages do not form part of the statutory financial statements and are
for the information of the Trustees only.**

Commonweal Housing Limited

DETAILED STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 December 2022

(Supplementary pages for the information of the Trustees only)

INCOME	2022	2021
Voluntary income	£	£
GEHL - Gift Aid	550,000	500,000
Other income	10,986	32,282
	<u>560,986</u>	<u>532,282</u>
Rental income		
Amari & Rhea Projects	147,094	165,889
Peer Landlord Projects/TR and Depaul	69,634	58,258
PRAXIS NRPF	-	30,337
QSA Move on Up Project	52,032	57,680
Private rented sector/Daboraconway	47,010	51,331
	<u>315,770</u>	<u>363,495</u>
Total income	<u><u>876,756</u></u>	<u><u>895,777</u></u>
EXPENDITURE		
Project Expenditure		
Property costs (Inc. refurbishment costs on handover)	77,734	103,387
Feasibility cost and grants to partners	73,144	161,683
Depreciation and Amortisation of leases	1,762	1,988
Project Revenue support	-	37,874
Evaluators	19,930	4,800
Legal and professional	29,062	22,730
	<u>201,632</u>	<u>332,462</u>
Chief Executive's Office		
CEO and staff salary	298,730	280,769
Pension contributions	31,869	30,480
Social security costs	29,148	25,637
Recruitment costs	42,842	14,936
Travel and conferences	6,775	6,231
Freelance/Retainer Fee	30,000	30,000
Serviced office accommodation (Inc. telecoms)	92,680	37,061
IT Support and maintenance	9,632	4,040
Repairs and Renewals	1785	537
Printing, Postage and Stationery	1,602	1,145
Insurance	9,945	891
Subscriptions, magazines etc	3,020	4,329
Miscellaneous	290	377
	<u>558,318</u>	<u>436,433</u>

Commonweal Housing Limited

DETAILED STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 December 2022

(Supplementary pages for the information of the Trustees only)

	2022	2021
	£	£
Support and Administration		
Consultancy and professional fees	5,958	2,830
Accounting and Payroll software	3,634	2,744
Web Design and consultancy (incl. Annual review & publicity material)	10,976	7,650
	<u>20,568</u>	<u>13,224</u>
Governance		
Audit fee	14,982	13,083
Company secretarial	26	39
Trustee Liability Insurance	150	150
	<u>15,158</u>	<u>13,272</u>
Total expenditure	<u>795,676</u>	<u>795,391</u>
Net Income	<u>81,080</u>	<u>100,386</u>

COMMONWEAL HOUSING LIMITED

England & Wales - Charity number 1113331

Accounts

Charity No. 1113331
Company No. 5319765

COMMONWEAL HOUSING LIMITED
(a company limited by guarantee)

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2021

Commonweal Housing Limited

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2021

CONTENTS	PAGE
Legal and administrative details	3
Report of the Trustees	4
Independent auditors' report	13
Statement of financial activities	16
Balance Sheet	17
Cash Flow Statement	18
Accounting Policies	19
Notes of the financial statements	21

LEGAL AND ADMINISTRATIVE DETAILS

Company registration number:	5319765
Charity registration number:	1113331
Principal address:	Unit 306, The Blackfriars Foundry 156 Blackfriars Road London SE1 8EN
Registered office:	2 Babmaes Street London SW1Y 6HD
Patrons:	Sir John Mactaggart Bt The Rt.Hon. Baroness Jean Corston
Directors and Trustees:	Jack Mactaggart (Chair) Gary Medazoumian FCA Prof. Jonathan Portes Rt. Hon Fiona Mactaggart Russ Edwards Sarah Jackson OBE (resigned 15.6.22) Becky Rice (resigned 15.6.22) Sneha Patel (resigned 15.6.22) Jeremy Swain Amarjit Bains Sheldon Shillingford
Secretary:	Gary Medazoumian FCA
Strategic Leadership Team: CEO Deputy CEO	Ashley Horsey Amy Doyle
Bankers:	Barclays Bank plc 7 th Floor, 180 Oxford Street London BX3 2BB
Solicitors	BDB Pitmans LLP One Bartholomew Close, London EC1A 7BL
Auditors:	Haysmacintyre LLP 10 Queen Street Place London EC4R 1AG

INTRODUCTION

The Trustees, who act as directors for the purposes of the company law, present their report and financial statements for the year ended 31 December 2021.

Commonweal Housing is an independent action learning charity, working to investigate, pilot and champion housing-based solutions to social injustice. We provide experts and partner organisations with the opportunity to trial and test new approaches designed to enhance housing equality and justice.

We support project partners by providing bespoke housing and financing, enabling them to test pilot models and services. In addition, Commonweal uses more of its charitable resources to fund early-stage research and feasibility studies for emerging areas of injustice or potential solutions, as well as commissioning independent evaluation to capture the learning from pilot projects. We then work to share the learning widely to influence future policy, practice, and delivery.

We aim to achieve impact from the lessons learnt from the work we support. Commonweal will work with project partners, national bodies, academics, campaigners, journalists, central and local government directly and in partnership to do this.

As with the whole of society, 2021 saw Commonweal learning to live with the impacts and effects of the Covid-19 pandemic. We continued to work remotely for much of the year embedding new practices, policies, and procedures to ensure our work and our support to project partners continued.

Thankfully, the direct impacts upon Commonweal of Covid have not been as bad as they may have been for many organisations. Our income stream remained strong, our project partners were for the most part able to continue their much need services and through prudent financial management including savings in expenditure where appropriate, such as a new deal with our office landlords, we have delivered a solid financial outturn for the year.

We remain, as ever, grateful to the Directors of Grove End Housing, a not-for-profit property company, who remain our principal benefactor. We are extremely proud of our history and our lineage as part of the wider philanthropic heritage of the Mactaggart family.

This independent funding and independent governance allow us to investigate social injustices and housing solutions that may otherwise be overlooked. We highlight issues, injustices, and solutions from the perspective of an *invested charity*, deploying our charitable resources to maximise learning, not as a vested interest.

In 2019 the Board approved a new three-year strategy (Jan 2020 – Dec 2022) focussing new activity specifically, (but not exclusively) on three thematic areas of injustice:

- **Violence against women and girls**
- **The criminal justice system**
- **Transitions – notably in accommodation from institutions to independence or other ‘life’ transitions**

These accounts therefore cover the second year of this business strategy period as we sought to come to terms with the ongoing pandemic whilst driving forward our business strategy ambitions.

The Board has set an ambitious 5-year vision for the charity that by 2025 Commonweal will be widely viewed as:
“a ‘go to’ organisation for innovative and deliverable housing-based solutions to social injustice – at the forefront of imaginative thinking”

Over the course of 2021 Commonweal has built upon our trusted, honest broker, non-vested interest role and reputation highlighting areas of injustice and solutions that might help. This has been particularly seen through our role to the fore in highlighting the injustices around the short-term non-commissioned Exempt Accommodation sector. A sub-sector of the housing system currently open to abuse and exploitation where too many vulnerable adults are not receiving the accommodation or vital services, they need to move on in their lives at high cost to the public purse due to current weaknesses in the oversight, governance and regulatory systems.

Commonweal will continue to use its voice, its resources, partnerships, and its energy to highlight the importance to people’s lives of safe, stable, secure, and accessible housing.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Charity is a charitable company limited by guarantee and a registered charity. It is governed by its Memorandum and Articles of Association (as amended). These provide for one third of the Trustees to retire at each Annual General Meeting. The minimum number as set out in the Memorandum and Articles of Association is three and the quorum is set at two Trustees.

For the duration of 2021 Commonweal has been Chaired by Jack Mactaggart, supported by Sarah Jackson OBE, a long-standing trustee, in the role of Vice Chair of the Board

The Board has set out a skills matrix identifying the core skills, knowledge and competencies felt to be necessary to provide suitable oversight, governance, and guidance to the charity. The Trustees self-assess against those skills.

As part of succession planning two new Trustees were recruited at the end of 2020, both Amarjit Bains and Sheldon Shillingford have become core members of the Board over their first year in the role. Their input and engagement are particularly appreciated as much of this time has had to be via remote Zoom meetings, although the Board were pleased to have been able to undertake an in-person away day strategic session in November 2021 the first time some Trustees had been able to be together face to face for over a year.

The Charity has in place a program for the induction and training of new Trustees.

The Board is the administrative and governing body and meets four times a year, ensuring and monitoring that the Charity is performing well, is solvent and complies with all its obligations. The Board has ensured that appropriate trustee indemnity insurance is in place.

In the autumn of 2020, the Board undertook a formal Governance Review the results of which were considered in detail by the Board. Whilst there were no significant areas of concern, being an action learning charity, Commonweal are always eager to improve as such a governance improvement action plan was agreed by the Board and has been progressively delivered over the course of 2021 overseen specifically by the Chair. A further independent governance review is planned for the end of 2022.

In 2021 the Board agreed to amend the previous role of Honorary President of the charity, a role held for a number of years by our founder Sir John Mactaggart Bt. It was agreed instead to create a new role of Patrons of the charity, a titular role recognising the support and engagement with Commonweal over many years by key individuals and leading figures who have been instrumental in progressing the work we do. The Chair and Board are delighted that Sir John Mactaggart accepted our invitation to take on that role as did the Rt. Hon. Baroness Corston, Jean Corston, who has especially supported our work around mothers leaving prison, the Re-Unit project, amongst others. The Board thank them both for their willingness to take on this further role and their ongoing support of the work we do.

Organisational structure and decision-making

The Board is responsible for the policy and strategy of the Charity, ensuring the long-term sustainability of the organisation along with its financial and legal probity.

The Chief Executive, Ashley Horsey, is responsible for implementing policies and strategies approved by the Board and for progressing organisational objectives and leading operational delivery by the staff team.

The Board consider the strategic leadership team of the charity to consist of the Chief Executive and the Deputy Chief Executive, Amy Doyle, who under FRS102 constitute the key management along with the trustees.

Leading on from the 2020 Governance Review the Board has established an expanded remit Remuneration & Governance Committee that meets not less than twice per annum, once in the autumn as part of the budget preparation cycle and again in the spring to consider more widely governance and succession planning issues ahead of the AGM. The Remuneration & Governance Committee recommends any changes to pay remuneration for staff, including remunerated key management personnel, to the Board for their December budget-setting meeting for the forthcoming year.

COMMONWEAL HOUSING LTD - REPORT OF THE TRUSTEES

In addition, the Board also established a new HR Committee to assist the Board spending time in detail overseeing the charity's employment policy & practices. The HR Committee will meet as frequently as the membership feels is appropriate but no less than once a year.

OBJECTIVES AND ACTIVITIES

The Charity's core objects are the provision of housing for those who are in conditions of need and the advancement of education and training (but without limitation) in relation to housing need.

We deliver our objects via three core work streams plus a growing role as thought leaders, honest brokers, and a platform for discussion around housing and social injustice:

Property (acquisition) based medium to long term (5-10 year) action learning projects where the major investment by Commonweal is in the provision of the bespoke housing – using our existing capital or revenue funds as well as social investment funding. These cornerstone projects are aimed at thoroughly testing a new model or service with learning captured and widely shared to encourage or enable replication, policy or practice change by others.

Short term initial feasibility studies undertaken by others using Commonweal's revenue funding. Such early-stage studies are designed to give prospective partners the capacity and resources to '*scratch beneath the surface*' of a new or emerging idea they have where they feel it *might* lead to a housing-based solution to their issue of concern and therefore may become a formal Commonweal property-based pilot project. In 2021 we held our latest *Call for New Ideas* funding programme inviting feasibility study proposals from as wide a range of organisations as possible. We expanded the original funding allocation later in 2021 to better met the range of ideas and proposals we received. Commonweal will be repeating the Call for New Ideas in 2022.

Short term research – reflecting our desire to constantly learn and develop, in 2022 we will launch a new research funding programme where Commonweal will be directly commissioning external research in to key areas and issues of concern to us across our current Business Strategy themes. As with all activity supported by Commonweal the measure of success is not that such work is being done *per se* but that this work has a wider impact.

Influencing policy and practice through effective dissemination and promotion of the findings from our own projects and studies but also offering a platform and promoting the thoughts and ideas of practitioners and experts in the fields of housing and social injustice.

In addition to these core work streams we will also consider opportunities for small-scale direct social investment where this will help meet our charitable objectives.

Our strap line '**housing solutions to social injustice**' is backed by a vision of:

- ***Helping partnerships through property.***
- ***Achieving leadership through learning.***
- ***Delivering real change through collaboration***
- ***Tackling injustice through innovation and***
- ***Encouraging positive change, as evidenced, to policy and practice***

ACHIEVEMENTS AND PERFORMANCE

Throughout 2021, the Commonweal team has continued to adapt to the challenges of the ongoing pandemic, with a partial return to office working and in person board meetings. The year saw the following new employees welcomed to the team: Sarah Ogundu as Policy and Projects Assistant and Harry Williams as Policy and Communications Manager in June; and in November, Miriam Lawson as Communications Assistant and Cornelia Apotheker as Administration Officer.

In April 2021, the second iteration of our *Call for New Ideas* was opened for submissions, again around our three organisational themes: the criminal justice system, violence against women and girls, and transitions. Seven partnerships were agreed and announced in November, with some studies already completed or underway and one in the process of becoming approved as a Commonweal property project.

In June 2021, the four recipients of our Jane Slowey Memorial Bursary, delivered in partnership with the University of Birmingham, presented their final-year dissertation research at our June celebration event to an audience of Commonweal Trustees, Advisory Panel, staff, and other invited guests. In July we offered three students from the University's School of Social Policy a bursary for 2021-22, as well as informal mentoring and support from Commonweal throughout their last year of undergraduate study.

July also saw the launch of Commonweal's annual review 'In It Together,' detailing learnings from project evaluations, presenting a range of recommendations to housing and support services, and celebrating the effort, adaptability, and achievements of Commonweal's project partners in 2020-21. In September, the report won a Gold Award at the International Annual Report Design Awards.

Also, in September, we launched a series of webinars on the exempt accommodation sector, an ongoing campaign focus for Commonweal. The webinars featured some of the industry's most influential experts, housing providers, those with lived experience, and leading policymakers. Exempt accommodation became Commonweal's major policy focus for the remainder of the year, with activities including the publication of columns, engagement of sector stakeholders, and letters to ministers calling for reform of the sector.

The key activities and projects for the year are set out below. Further details and copies of any reports referred to can be found on our website: www.commonwealhousing.org.uk

Longer Term property-based action learning projects:

- *Freedom2Work* – Although Commonweal's direct revenue support to our project partner Rentstart ended in 2020 we continue to work closely with them as strategic 'friends' helping them develop this model. This innovative support programme helps people develop a savings culture initially intending to ease the financial jolt that frequently occurs when taking up employment. The project was the recipient of a UK Housing Awards Homelessness Partnership of the Year award in November 2021.
- *Move on Up* – since the publication of the evaluation in June 2020, Commonweal is engaging with Quaker Social Action to establish how the final 18 months of the project will be spent, as well as reaffirming and amending the key learnings established by the evaluation, especially around how and to whom the service is promoted. Move On Up provides shared housing for young adult carers aged between 18 – 24 years.
- *The Rhea project* – this project uses an innovative partnership between Commonweal, Solace, and Southwark Housing solutions, providing a stable housing pathway for women experiencing domestic abuse and their children. The final evaluation was published in February 2021, finding the project to have improved outcomes for survivors' wellbeing, empowerment, confidence, and capacity for self-advocacy, as well as their ability to 'hope and dream' for the future. It advocated for a joined-up approach between local authorities, domestic violence charities, and housing organisations.
- *The Amari Project* – another project with Solace, the Amari project provides step-down accommodation for women experiencing sexual exploitation and trafficking. The project is working well post pilot stage and has established a model that Solace see as a key offer, they provide. Solace are in ongoing conversations about potentially expanding the service. Commonweal is exploring options for assisting Solace Women's Aid to access more housing as they are keen to grow the portfolio. There is the potential for the development of a 'replication fund' to secure capital funding for these additional property purchases.
- *No Recourse to Public Funds* – with the exit plan executed successfully, the project has come to an end with the final projects handed back to Commonweal from Praxis in late 2021. There will be an End of Project report to be commissioned in 2022. Through an innovative new cross-subsidy model of shared accommodation, the project enables Praxis to lease properties to local authorities to house destitute migrant families whom they have a duty to accommodate, which generates income for Praxis to accommodate single destitute migrants and provide them with immigration advice and other support.
- *Peer Landlord* – Having originally been piloted and developed with Thames Reach who still manage two properties leased from Commonweal, this project has been adopted and further adapted by DePaul UK. Peer Landlord establishes a supportive, rather than supported, housing environment for single people with lower general needs who are homeless or at risk of becoming homeless. Commonweal is seeking to influence the wider development of supportive shared housing, of which Peer Landlord is a possible management model. While the project has been independently replicated, Commonweal is currently engaging with -

DePaul's iteration of the model and their plans to expand provision for 2022.

Feasibility Studies – this year we commenced seven new studies through our Call for New Ideas, and commenced or received evaluation reports for older studies:

- *Camden 4 Winter Shelters (C4WS)* is a network of 12 churches launched in 2005 which offers vulnerable people 28-day shelter between November and March, as well as a variety of services that support their journey back to independent living. Following a successful feasibility study supported by Commonweal, C4WS will be creating a new social lettings project 'Launchpad', which addresses insufficient funding, housing and support for people who have experienced homelessness by providing safe and supported accommodation.
- *East Belfast Mission* is a Methodist church and charity. Its study investigated the viability of a project that will provide affordable rental accommodation and tenancy support services within the community of East Belfast, as a route into housing for people in transition who cannot access social housing or private rented accommodation. Commonweal is currently engaged in Stage 2 due diligence before deciding whether to seek Stage 2 approval from trustees to launch a property project.
- *Gateway* is a London-based NHS trust pilot scheme delivering a specialist enhanced liaison and diversion (L&D) service that provides psychologically informed, multi-level well-being interventions for 10- to 25-year-olds presenting within court and police custody in the local community. Their proposed project would aim to divert young people away from the criminal justice system through a combination of treatment of unmet mental health needs, increased accessibility of services, increased access to education and employment support, and improved overall stability.
- *Refuge* is the UK largest provider of domestic violence refuges. It is beginning to investigate best practice for a dispersed refuge model. The single-occupancy housing and network of support provided by dispersed refuge models offer women both the support available in a communal refuge and the specialist support catering to their specific needs.
- *SWIM Enterprises* is a Hackney-based community interest company. It has completed its study assessing the feasibility of housing and resettlement support for African and Caribbean heritage prison leavers. The proposed project would support prison-leavers immediately upon release, through the provision of stable housing, psychosocial interventions, and help into education, training, and employment, and volunteering.
- *The Adab Trust* is a youth employment charity. It will evaluate the effectiveness of residential accommodation in the delivery of training for looked-after children in local authority care. Its research will assess the practicability of 11- or 16-week residential training schemes, implemented within existing local authority arrangements for accommodation provision.
- *Rocknplace* is a Hertfordshire-based social enterprise. It is beginning to assess the feasibility of providing housing and support for young BAME people who have interacted with youth care services or the criminal justice system. The proposed project aims to prevent recidivism, enhance employability, and improve quality of life.
- *1625iP* – The potential for *back garden bedrooms* to ease tensions in overcrowded households was the premise of the 2019 Housing Helps competition entry from young people's Bristol based charity 1625 Independent People. The evaluation report was received at the end of 2021.
- *Bristol Housing Festival: Hope Rise/Zedpods* – The Zedpods design looks to provide factory-built housing on stilts utilising the airspace above ground level carparks. This proposal itself grew from the first Bristol Housing Festival - a citywide commitment to support new housing models and ideas. Following pandemic-related delay to resident move in, this research began in 2021 with an evaluation report expected in early 2022.
- *Nelson Trust* – following a Commonweal funded feasibility study into an accommodation pathway for women in contact with, or at risk of entering, the criminal justice system in Bristol and surrounding areas. Revenue funding was provided in 2021 with a next stage report due early 2022 for consideration of possible property-based pilot project.

Encouraging positive change: impact in policy and practice:

- *Exempt accommodation:* while the issue presents no immediate housing project, Commonweal will continue to be involved in disseminating the findings of its 2019 report and campaigning on the issue to achieve policy and practice change as a key issue for 2022. 2021 activity has included a series of webinars hosted by Commonweal; letters to senior politicians including minister and senior civil servants along with media work including: articles, interviews, and a live panel discussion.

The Trustees of Commonweal Housing wish to put on record again their thanks and gratitude to the Directors of Grove End Housing for their continued generous financial support for the charity and look forward to furthering engagement with our principal benefactor in supporting future property acquisition action learning projects.

Social Investment:

Commonweal has been at the forefront of the innovative use of social investment funding for about 10 years now. With partners we have created an investment a model to support our action learning projects, developing a social investment structure that gives investors the opportunity and comfort to in new pilot and untested initiatives, ideas, projects, and front-line organisations that would not normally pass muster with their investment committees on their own merits. We are grateful to those social investors that have trusted us with their money but have also given us their skills and expertise in providing strategic guidance to our action learning projects. We remain grateful to the Esmée Fairbairn Foundation, Trust for London, City Bridge Trust, Big Society Capital, Cheyne Capital, Quaker Social Action and The Monday Charitable Trust for supporting us.

FINANCIAL REVIEW

Many charities revealed the devastating impact the coronavirus crisis and lockdown has had on their incomes. We are very fortunate to have a long- standing partner and principal benefactor the Grove End Housing Limited who continue to provide our Core revenue funding. In addition, Commonweal receives rental income on its residential property portfolio which aligns with the increase in Local Housing Rates.

In 2021 GEHL revenue funding accounted for 57% of income excluding a gain on disposal of tangible fixed assets (2020 62%); and rental income 41% (2020 37%).

Despite the lockdown Commonweal's core activities continued to function as normal. The charity even extended its helping hand to support its project partners whose works were restricted or affected by the lockdown rules. The Trustees consider the results of increased income from our residential property portfolio and the continued support from Grove End Housing and the overall reduced expenditure disclosed on the following pages to be satisfactory.

Public benefit statement

The Board confirm that they have complied with the duty in the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission. Further information regarding the Charity's activities, public benefit and impact are presented in its Annual Impact Review, which is available on its website. <http://www.commonwealhousing.org.uk/>.

Risk management and principal risks and uncertainties

The Trustees have assessed the major risks to which the Charity is exposed and are satisfied that systems are in place to mitigate exposure and consequences of key risks. The Trustees consider and review the core strategic and

COMMONWEAL HOUSING LTD - REPORT OF THE TRUSTEES

operational risks facing the charity at every quarterly Board meeting including the controls and mitigations in place to address or ameliorate these risks and note any new information from the Executive.

As at December 2021 the Board feel that there are just 2 remaining Covid specific corporate strategic risks that would seriously impact upon the charity's effectiveness or ongoing role. In addition, the Board recognize 5 other core corporate risks that if they were to materialize would mean Commonweal would fundamentally not be delivering our charitable aims and objectives:

COVID Strategic Risks		
	Key Risk Area	Controls and Mitigation
C2	Inadequate governance oversight by Trustees / Board due to inability to hold face to face Board meetings	Ongoing information sharing working well. Virtual Board, governance and team meetings happening successfully.
C5	Covid related death of resident in shared housing project - reputational and operational risk	Awareness that this is a possibility has heightened focus and conversations with project partners for all of whom this is also a key risk and concern for them, so they are taking appropriate management steps.
	Core Strategic Risk Areas	Key Mitigations & Controls
A	Failure to adequately understand the issues and project areas, identifying the right project partner and most effective evaluation.	Creation of a more focussed Research & Evaluation Coordinator role. Growing confidence and understanding of what makes a good project / good partner. Increasing use of pre-pilot feasibility studies to assist in potential project development.
B	Failure to secure appropriate and meaningful replication for projects - failure to ensure learning has impact	Focus on replication from the start and the enhanced processes being implemented following the Spring Impact Scale Accelerator programme.
C	Failure to maximise learning from evaluation contracts including original project size being too small and not providing critical mass	As above increased focus on replication and implementation of new Scale Accelerator processes. New Research & Evaluation Coordinator role current Evaluation and Replication frameworks. Light green as still to be proved in action.
D	Failure to adequately manage and oversee portfolio of projects - ensuring delivery by all parties of expected / required actions and activities.	Project Team overseen by the Deputy CEO continues to ensure close engagement with project partners. More proactive property inspection regime being reinstated by Consultant Surveyor. Light green rating reflects need to continue positive oversight.
E	Loss or significant reduction of funding from principal benefactor (GEHL)	Further revision to green rating as no immediate impact on current project delivery albeit it remains a potential risk for any new shared housing schemes we may wish to pursue in the future.

Reserves Policy

It is the policy of the Charity to maintain a proportion of its reserves in a readily realisable form to ensure that its core activity could continue during a period of unforeseen difficulty. The Trustees consider readily realisable reserves to be the amount of reserves that are easily converted into cash without the need to dispose any of its properties.

The Trustees assess the required level of reserves on an annual basis alongside its operating budget. This assessment takes into account the risks associated with each stream of income and expenditure varying from budget, its planned activity level, commitments to repay the loans secured on its properties and the need to keep sufficient bank balances to be able to manage the day-to-day fluctuations of receipts and payments. In 2020 The Trustees agreed a further planned deficit budget for 2021 including provisions made due to the ongoing Covid pandemic and associated uncertainties. However, the final year end out-turn resulted in an improved position against the original budget. After accounting for a £100k grant commitment made to Birmingham University Jane Slowey Memorial Fund the organisation has achieved only a small operating deficit. Commonweal has supported this bursary scheme for the past four years in memory of our former Trustee. The Trustees believe that there is a merit for us to continue supporting it and therefore, the grant commitment we made this year will be paid over a ten-year period. The improvement in the deficit was partially achieved due increased rental income from projects; proceeds from the sale of former project property in the year and a property depreciation policy change we applied in the accounts in 2021. In addition to this the non-utilisation of some of the additional provisions in full in some overheads. The Trustees agreed a further planned deficit budget with a view that more planned deficit budgets may be approved, where general reserves of the charity allow, ensuring the charitable funds held are being appropriately used. This included consideration of potential further mission related investment expenditure. However, none took place in 2021.

In December 2021, the reserves policy was reviewed by the Trustees and based on its 2022 operating budget and cash flows, a readily available cash reserve figure of a minimum of £125k was agreed to be necessary. The actual reserves at the 31 December 2021 were £507,514. A further £25k is designated as a Project Fund which represents monies set aside to enable the charity to pay from the General Fund its quarterly yield payments under the terms of its second social investment project.

Property Revaluation and Depreciation Policy

The Trustees of Commonweal reviewed the current property revaluation and depreciation policy and agreed all fixed assets of the same class, (i.e., properties) to be revalued using at least two comparative desktop valuations each year. For properties Commonweal will sell in any given year a formal RICS valuation will be undertaken.

The Board also agreed every five years the entire property portfolio would need to be revalued using professional RICS valuations.

In previous years the property revaluation and the fair value adjustments were made to properties acquired with finance from social investors. 2021 is the first year where the new property revaluation policy applied in the accounts for all properties, hence the figures reflect these changes and the property market at present. The change has not been applied retrospectively as it is impractical to do so.

The Trustees also reviewed the policy on the treatment of depreciation on properties and agreed not to depreciate properties. Further details are stated on the Notes section of the accounts on Fixed Assets and Depreciation.

As at 31st December the Charity's total reserves stood at £11M (2020: £5.4M) as set out in detail in note 14. Of this total figure 95% (2020: 91%) is included in the Designated Property Fund, represented by the functional assets of the Charity, which can only be realised by disposing the Charity's freehold and long leasehold properties.

Commonweal Trustees regularly consider options available to it to utilise its general reserves to further the charity's aims and objective. This has in the past (and may do so again in the future where suitable schemes are identified) included undertaking direct mission related investment.

PLANS FOR FUTURE PERIODS

Key priority over 2022 is to progress new property acquisition-based projects. Depending upon the final requirements of those projects Commonweal are likely to be seeking new social investment funding. The

COMMONWEAL HOUSING LTD - REPORT OF THE TRUSTEES

successful exists in 2019 and latterly in 2021/2 of our first and second social investment deals delivered both

financial and social value return to investors; we hope this further enhances our offer and attractiveness to investors.

Trustees' Responsibilities for the Financial Statements

The Trustees are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the Trustees to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the charity and of its incoming resources and application of resources, including its net income and expenditure for the year.

In preparing these financial statements, the trustees are required to:

- ▶ select suitable accounting policies and then apply them consistently;
- ▶ make judgements and estimates that are reasonable and prudent; and
- ▶ prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Charity will continue in operation.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and which 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 for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of Information to Auditors

Each of the trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditors are aware of such information.

Auditors

A resolution proposing the reappointment of Haysmacintyre LLP will be put to the next Annual General Meeting.

Small companies note

In preparing this report the Trustees, who are also the directors, have taken advantage of the small companies' exemptions provided by section 415A of the Companies Act 2006.

ON BEHALF OF THE BOARD OF TRUSTEES

Trustee



15 June 2022

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE COMMONWEAL HOUSING LIMITED

Independent auditor's report to the members of Commonweal Housing Limited

Opinion

We have audited the financial statements of Commonweal Housing Limited for the year-ended 31 December 2021 which comprise the statement of financial activities, the balance sheet, the cash flow statement, 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 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 December 2021 and of the charitable company's net movement in funds, including the 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 charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the 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. The other information comprises the information included in the Report of the Trustees. 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.

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 matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken during the audit:

- the information given in the Report of the Trustees (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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE COMMONWEAL HOUSING LIMITED

- the directors' report included within the Report of the Trustees has 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 during the audit, we have not identified material misstatements in the Report of the Trustees (which incorporates the directors' 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 by the charitable company; or
- the charitable company 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; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 12, 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:

Based on our understanding of the charitable company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to the Charities Act 2011, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and the Charities Act 2011 and considered other factors such as relevant taxation.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks related to areas of estimation uncertainty. Audit procedures performed by the engagement team included:

- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF THE COMMONWEAL HOUSING LIMITED

- Reviewing the controls and procedures of the Charity to ensure these were in place throughout the year;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions; and
- Challenging assumptions and judgements made by management in their critical accounting estimates with particular focus on the valuation of property and loan notes

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.



Murtaza Jessa (Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP, Statutory Auditors

10 Queen Street Place
London
EC4R 1AY

Date: 29th June 2022

Commonweal Housing Limited

STATEMENT OF FINANCIAL ACTIVITIES (Including Income and Expenditure Account) For the year ended 31 December 2021

	Note	2021	2020
		£	£
Income and endowments from:			
Donation and legacies	2	500,000	580,000
Charitable activity - rental income		363,495	346,667
Other income		10,875	2,976
Investment income		2,407	3,843
Gain on disposal of fixed assets		<u>19,000</u>	<u>86,600</u>
Total		<u>895,777</u>	<u>1,020,086</u>
Expenditure on			
Charitable activities	3	<u>973,786</u>	<u>918,464</u>
Total		<u>973,786</u>	<u>918,464</u>
Net income before fair value adjustments		(78,009)	101,622
Fair value adjustments			
- Realised on redemption of loan notes		(205,125)	-
- Fair value adjustment previously recognised on redeemed loan notes		200,625	-
- Unrealised on revaluation of loan notes at year- end	13	<u>(339,859)</u>	<u>(271,938)</u>
Net expenditure		(422,368)	(170,316)
Gain on revaluation of fixed assets		<u>6,010,565</u>	<u>282,392</u>
Net movement in funds		5,588,197	112,076
Funds brought forward		<u>5,366,257</u>	<u>5,254,181</u>
Funds carried forward		<u>10,954,454</u>	<u>5,366,257</u>

The notes numbered 1 to 15 form part of these financial statements.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006. All of the income and expenditure relates to continuing activities.

Commonweal Housing Limited

BALANCE SHEET

As at 31 December 2021

	Notes	2021 £	2020 £
Fixed assets			
Tangible assets	6	14,743,497	9,854,871
Programme related investment	8	78,167	76,417
Other unlisted investment	9	1	1
		<u>14,821,665</u>	<u>9,931,289</u>
Current assets			
Debtors	10	33,422	17,168
Cash at bank and in hand		<u>621,923</u>	<u>759,450</u>
		655,345	776,618
Current Liabilities			
Creditors: amounts falling due within one year	11	(57,832)	(23,660)
Loan notes: amounts falling due within one year	13	(1,307,391)	-
Net current (liabilities)/assets		<u>(1,365,223)</u>	<u>-</u>
Net current assets		<u>(709,878)</u>	<u>752,958</u>
Total assets less current liabilities		14,111,787	10,684,247
Creditors: amounts due more than one year			
Loan notes	13	(3,067,333)	(5,317,990)
Grants	12	<u>(90,000)</u>	<u>-</u>
Net assets		<u>10,954,454</u>	<u>5,366,257</u>
Income funds			
Unrestricted funds:	14		
- Designated Property Fund		10,368,773	4,536,881
- Designated Project Fund		-	25,000
- Programme related Investment		78,167	76,417
- General Fund		<u>507,514</u>	<u>727,959</u>
Total funds		<u>10,954,454</u>	<u>5,366,257</u>

The notes numbered 1 to 15 form part of these financial statements.

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

The accounts were approved and authorised for by the Board of Trustees on 15 June 2022 and signed on their behalf by

J MACTAGGART
Director/Trustee & Chair of the Board of Trustees

G S MEDAZOUMIAN
Director/Trustee

Date: 20/06/22

COMMONWEAL HOUSING LTD

CASH FLOW STATEMENT

For the year ended 31 December 2021

	2021 £	2020 £
Net movement in funds	5,588,197	112,076
Deduct: investment income receivable	(2,407)	(3,843)
Deduct: revaluation of fixed assets	(6,010,565)	(282,392)
Add back: fair value adjustment	344,359	271,938
Deduct: gain on disposal of fixed assets	(19,000)	(86,600)
Add back: depreciation	-	98,061
(Increase)/decrease in debtors	(16,254)	118,850
Increase/(decrease) in creditors (excluding loans)	124,172	(151,187)
Net cash provided by operating activities	<u>10,490</u>	<u>76,903</u>
Cash flows from investing activities		
Investment income received	657	2,093
Proceeds from disposal of fixed assets	1,369,000	186,631
Cash paid in respect of tangible fixed assets	(5,955)	(4,369)
	<u>1,139,608</u>	<u>184,355</u>
Cash flows from financing activities		
Loan notes repaid in the year	(1,287,625)	-
(Decrease)/increase in cash and cash equivalents in the year	(137,527)	261,258
Cash and cash equivalents at the start of the year	<u>759,450</u>	<u>498,192</u>
Total cash and cash equivalents at the end of the year	<u><u>621,923</u></u>	<u><u>759,450</u></u>

Analysis of cash and cash equivalents and net debt

	01-Jan 2021	Cash flows	Fair value and Loan note movements	31-Jan 2021
Cash	759,450	(137,527)	-	621,923
Loans notes	(5,317,990)	-	943,266	(4,374,724)
	<u>(4,558,540)</u>	<u>(137,527)</u>	<u>943,266</u>	<u>(3,752,801)</u>

COMMONWEAL HOUSING LTD

NOTES TO THE FINANCIAL STATEMENTS – ACCOUNTING POLICIES

For the year ended 31 December 2021

NOTE 1 – ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with applicable law 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) (second edition, effective 1 January 2019) - (Charities SORP (FRS 102)), and with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). The financial statements are presented in sterling and figures are rounded to the nearest £.

The charity 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 note(s).

ENTITY STATUS

Commonweal Housing Limited is a private charitable company limited by guarantee and meet the definition of a public benefit entity as defined by FRS102. Further details of its company and charity registration are given on page 3.

GOING CONCERN

The Trustees note the impact of the spread of Covid-19 in 2020 and the risks associated to the charity's activities from this. The Trustees have prepared cash flow forecasts for the period of at least 12 months from the date of approval of these financial statements which indicate that the charity will have sufficient funds, through continued funding from its principal benefactor, Grove End Housing, to meet its liabilities as they fall due for that period. Accordingly, the financial statements are prepared on a going concern basis and the Trustees do not consider there to be any material uncertainty in connection with the charity's ability to continue to operate.

ESTIMATION UNCERTAINTY AND JUDGEMENTS

The directors consider the principal areas of estimation uncertainty and judgement to be the valuation of property and the valuation of the related loan notes for socially funded properties.

INCOME

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

Properties transferred to the charity by way of gift are recognised at fair value at the date of transfer.

EXPENDITURE

All expenditure relates to charitable activities and includes direct costs, indirect support costs and governance costs. Governance costs, which are the statutory and organisational costs of operating the charity as a legal entity.

Grants payable in furtherance of the charity's objects are recognised as expenditure when payment is due to the partner organisation, in accordance with the terms of the funding agreement. Standard funding agreements are typically for a year's duration or less, but can span several years. The funding agreements contain conditions, the fulfilment of which is under the control of Commonweal. For funding agreements in place at the year-end that include payments to be made in future years, where conditions attached to their payment limit their recognition as current liability, these payments are disclosed in Note 12 to the financial statements as commitments.

COMMONWEAL HOUSING LTD

NOTES TO THE FINANCIAL STATEMENTS – ACCOUNTING POLICIES

For the year ended 31 December 2021

PENSION CONTRIBUTIONS

Contributions in respect of personal pension schemes are included in the statement of financial activities for the year in which they are payable to the scheme.

FIXED ASSETS AND DEPRECIATION

Assets with a useful economic life exceeding one year are initially recognised at costs where they are purchased or a fair value at the time of transfer in respect of assets where they are donated. The fair value of such assets is treated as a deemed cost.

All property assets are restated at their fair value at the balance sheet date three months after acquisition. The fair value is determined by the Trustees with reference to the average of two different comparative medium range desktop valuation data along with professional valuations of certain properties and having regard to any actual transactions. The policy of revaluing all properties has applied since 2021 but previously reported figures have not been restated due to impracticality.

Depreciation is provided on all tangible fixed assets, except properties at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life, as follows: -

- | | |
|---|--|
| A) Freehold and long leasehold buildings | - No depreciation from 2021 |
| B) Socially funded freehold and leasehold buildings | - No depreciation from 2021 |
| C) Computer and other equipment | - 20% per annum on a straight-line basis |

Expenditure on refurbishment works and associated costs on making the charity's freehold and leasehold properties project ready for occupation is written-off as incurred. The trustees consider that it appropriate not to charge depreciation as the property is maintained in reasonable condition and valued annually.

PROGRAMME RELATED INVESTMENTS

Programme related investments are stated at transaction value less any provision for impairment required. In accordance with the Charities SORP they are not restated at fair value.

LOAN NOTES

Loan notes represent finance obtained from Social Investors. The Social Investors' return includes not only a market rate of interest but an additional final payment equal to an agreed percentage of the gain made on disposal of the related property. Accordingly, the Trustees consider the loan notes to be complex financial instruments which are valued at fair value at the balance sheet date with the fair value adjustment in each year treated as part of income and expenditure. The fair value adjustment applied to the loan notes is a function of the valuation of the property at the balance sheet date which is itself an estimate. The actual redemption values of the loan notes are likely to differ from the estimates recorded at the preceding balance sheet date and this will result in a further fair value adjustment in the year of redemption.

FUNDS

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure, which meets these criteria, is charged to the fund. There were no such funds in 2021 or 2020.

Unrestricted funds are donations and other income received or generated and are expendable at the discretion of the Trustees in furtherance of the charity's objectives. Designated funds are unrestricted funds earmarked by the Trustees.

COMMONWEAL HOUSING LTD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

2. DONATIONS AND LEGACIES

	2021 £	2020 £
Donations		
Grove End Housing	500,000	580,000

The donation from Grove End Housing includes NIL, (2020: £100,000) of covenanted income.

3. EXPENDITURE

	Staff costs £	Other costs £	2021 Total £
Charitable Activities - 2021			
Direct and support costs	336,886	623,628	960,514
Governance costs	-	13,272	13,272
	<u>336,886</u>	<u>636,900</u>	<u>973,786</u>
	Staff costs £	Other costs £	2020 Total £
Charitable Activities - 2020			
Direct and support costs	333,654	571,580	905,234
Governance costs	-	13,229	13,229
	<u>333,654</u>	<u>584,809</u>	<u>918,463</u>

Direct and support costs represent the cost of provision of the core activities of the charity: delivering housing solutions and understanding housing needs including the associated support costs to deliver these activities. The £623,628 (2020: £571,580) under other costs above relates to the charities main core activities as follows: -

	2021 £		2020 £	
Property related project costs	336,499	54%	387,369	68%
Feasibility Studies and Grants to partners	199,558	32%	50,600	9%
Learning and Sharing	4,800	1%	26,075	4%
Office related operational costs	82,771	13%	107,536	19%

Governance costs relate to the direct costs associated with the effective governance of the charity. These include audit fees £13,083 (2020: £13,040), Company Secretarial £39 (2020: £39) and Trustee Liability Insurance £150 (2020: £150).

Net income is after charging depreciation on the fixed assets of £1,988 (2020: ££98,061). The 2020 total included the charging of depreciation on property assets which ceased in 2021.

COMMONWEAL HOUSING LTD
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2021

4.

STAFF COSTS

	2021	2020
	£	£
Wages and salaries	280,769	277,781
Pension contributions	30,480	25,883
Social security costs	25,637	29,990
	<u>336,886</u>	<u>333,654</u>

	2021 No.	2020 No.
Particulars of employees:		
The average number of employees during the year, calculated on the basis of full-time equivalents, was as follows:		
Chief Executive	1	1
Project and Communications Staff	4	4
Finance and Administrative staff (FTE:1; 2020: 1)	1	1
	<u>6</u>	<u>6</u>

The average monthly head count of employees' number during the year is 7.5.

One employee received remuneration (excluding employer pension contributions) in the range of £90,000-£100,000 during the year (2020: one in the range £90,000-£100,000). The Trustees consider that the Key Senior Management Personnel of the charity comprised the Chief Executive and the Deputy Chief Executive Officer whose total remuneration including all benefits was £166,426 (2020: £164,851).

5. **PAYMENTS TO TRUSTEES AND CONNECTED PERSONS**

No Trustee or person with a family or business connection with a Trustee received remuneration in the year directly or indirectly, or had any expenses reimbursed (2020: nil).

COMMONWEAL HOUSING LTD
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2021

6. TANGIBLE FIXED ASSETS

	Land & Buildings	Computer & other equipment	Total
	£	£	£
Cost or Valuation			
At 1 January 2021	10,557,451	10,008	10,567,459
Additions	227,974	2,075	230,049
Disposals	(1,367,606)	-	(1,367,606)
Revaluation	5,319,040	-	5,319,040
At 31 December 2021	<u>14,736,859</u>	<u>12,083</u>	<u>14,748,942</u>
Depreciation			
At 1 January 2021	709,131	3,457	712,588
Charge for the year	-	1,988	1,988
Eliminated at Disposals	(17,606)	-	(17,606)
Revaluation	(691,525)	-	(691,525)
At 31 December 2021	<u>-</u>	<u>5,445</u>	<u>5,445</u>
Net book value			
At 31 December 2021	<u>14,736,859</u>	<u>6,638</u>	<u>14,743,497</u>
At 31 December 2020	<u>9,848,320</u>	<u>6,551</u>	<u>9,854,871</u>

The net book value includes £4,693,000 in respect of long leasehold properties (2020: £1,847,953). All properties are now held a valuation. The cost or value on donation of these properties is £9,578,567.

7. SOCIAL INVESTMENT FINANCING

The Social investment deal for the seven NRPF properties reached maturity in January 2022. We had an early hand back of all the seven properties from PRAXIS in 2021. Of these four of the Croydon Houses were sold at a higher market price of £1,369,000 before charges. The Original purchase cost for these properties was £1,082,500 and the gross uplift was £286,500 before deductions. As per the loan agreement investors received the original purchase price plus 75% of their uplift share after legal and loan note redemption charges. Commonweal retained the remaining 25% of the uplift share after paying our share of legal fees and related loan notes redemption charges. The three remaining Redbridge properties, which were marketed and under offer at the yearend have been sold since with final sales completed in March and April 2022. These properties attracted a higher estate agent offer than the original Tuckerman's RICS valuations we carried out in October 2021. The fair value adjustments and cumulative movements on the loan notes for all socially funded properties are illustrated in note 13 below in the accounts.

8. PROGRAMME RELATED INVESTMENT

In 2018 Commonweal provided in pursuance of its charitable objects loan funding of £70,000 on a 10-year interest bearing arrangement to Action Foundation a registered charity based in Newcastle Upon Tyne with a 2.5% fixed interest on outstanding balances. The balance shown relates to the outstanding loan and accrued interest receivable. The loan is secured on property.

COMMONWEAL HOUSING LTD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

9. UNLISTED INVESTMENT

The unlisted investment of £1 represents the charity's interest in the share capital of its wholly-owned subsidiary undertaking, Re-Unite Limited. The subsidiary is registered in England and Wales and has not traded since it was incorporated on 28 October 2009.

10. DEBTORS AND PREPAYMENTS	2021	2020
	£	£
Prepayments and accrued income	33,422	17,168
	<u>33,422</u>	<u>17,168</u>

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2021	2020
	£	£
Other creditors	14,847	3,511
Social security costs	9,163	9,289
Accruals and deferred income	33,822	10,860
	<u>57,832</u>	<u>23,660</u>

12. GRANT COMMITMENTS

The long-term creditor of £90,000 relates to a grant commitment of £100,000 to the University of Birmingham comprising 10 equal payments of £10,000 from October 2022. £10,000 is included in creditors falling due within one year.

13. LOAN NOTES

The table below illustrates the original Loan notes values before fair value adjustments: -

Project Name	Acquisitions date	Loan notes maturity date	Loan notes	Percentage interest for yield payments	Loan notes redeemed	Balance Left at the Balance Sheet Date (31.12.2021)	Comments
PRAXIS - NRPF	2015	2021	£1,082,500	4.32%	£1,082,500	-	Early hand back of properties
PRAXIS - NRPF	2016	2022	£1,156,076	4.32%	£ -	£1,156,076	Figures showing here were the balance outstanding at the balance sheet date
MOVE ON Up - QSA	2017	2023	£1,945,000	3.75%	£ -	£1,945,000	Interest - CPI linked increase each year
DEPAUL - PL	2019	2026	£ 990,250	3.75%	£ -	£ 990,250	

COMMONWEAL HOUSING LTD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

Payments made for the loan note values, for the four NRPF Croydon houses with completion dates in September and June 2021 and the fair value adjustments and cumulative movements on the loan notes were illustrated in the accounts below: -

	2021 £	2020 £
Loan notes at transaction value		
At the beginning of the year	5,173,826	5,173,826
Loan notes repaid in the year (note 13)	(1,082,500)	-
At the end of the year	<u>4,091,326</u>	<u>5,173,826</u>
Fair value adjustments		
At the beginning of the year	144,164	(127,774)
Loan notes redeemed in the year	(200,625)	-
Revaluation at the year end	<u>339,859</u>	<u>271,938</u>
At the end of the year	<u>283,398</u>	<u>144,164</u>
Loan notes at fair value	<u><u>4,374,724</u></u>	<u><u>5,317,990</u></u>

Loan notes split with fair value adjustments and cumulative movements:

	2021 £	2020 £
Amount due within one year	1,307,391	-
Amount due after more than one year	<u>3,067,333</u>	<u>5,317,990</u>
Total	<u><u>4,374,724</u></u>	<u><u>5,317,990</u></u>

COMMONWEAL HOUSING LTD
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2021

14. UNRESTRICTED FUNDS

	Balance at 01 January 2021 £	Income and gains £	Expenditure/ Losses £	Transfers between funds £	Balance at 31 December 2021 £
Designated Funds:					
Property Fund	4,536,881	6,029,565	(344,359)	146,686	10,368,773
Project funds:	25,000	-	(25,000)	-	-
Programme related Investment	76,417	1,750	-	-	78,167
General Fund	<u>727,959</u>	<u>875,027</u>	<u>(948,786)</u>	<u>(146,686)</u>	<u>507,514</u>
	<u>5,366,257</u>	<u>6,906,342</u>	<u>(1,318,145)</u>	<u>-</u>	<u>10,954,454</u>

The Property Fund represents the total amount value of tangible fixed assets less loan notes.

The Project Fund represents monies set aside to enable the charity to pay its quarterly yield payments under the terms of its second social investment project, which will end in 2022. The Programme related investment is the money Commonweal advanced as a loan to Action Foundation a charity based in Newcastle Upon Tyne to pursue its charitable objects on a 10-year interest bearing arrangement. The loan is secured on a property (see note 8).

The General Fund represents undesignated monies retained to provide the working capital to enable the charity to carry out its activities as a provider of housing solutions to social injustice

15. RELATED PARTIES

One of the Trustees of the charity Gary Medazoumian is member of Grove End Housing Limited (GEHL), a Registered Society registered under the Co-operative and Community Benefit Societies Act 2014.

Due to the nature of the charity's operations, transactions have taken place with GEHL at arm's length on normal trading terms which, under Financial Reporting Standard Number 8, require disclosure in the charity's accounts.

The following related party transaction occurred between the charity and GEHL during the year:

- (a) GEHL donated the sum of £500,000 (2020: £580,000) to the charity to fund its charitable activities.

At 31 December 2021, there was no amount due from GEHL to Commonweal (2020: NIL).

COMMONWEAL HOUSING LIMITED

England & Wales - Charity number 1113331

Accounts

Charity No. 1113331
Company No. 5319765

COMMONWEAL HOUSING LIMITED
(a company limited by guarantee)

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2020

Commonweal Housing Limited

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2020

CONTENTS	PAGE
Legal and administrative details	3
Report of the Trustees	4
Independent auditors' report	14
Statement of financial activities	16
Balance Sheet	17
Cash Flow Statement	19
Notes of the financial statements	21

LEGAL AND ADMINISTRATIVE DETAILS

Company registration number:	5319765
Charity registration number:	1113331
Principal address:	Unit 306, The Blackfriars Foundry 156 Blackfriars Road London SE1 8EN
Registered office:	2 Babmaes Street London SW1Y 6HD
Honorary President:	Sir John Mactaggart Bt
Directors and Trustees:	Steve Douglas CBE (Chair to 15.6.20 – Retired 15.6.20) Jack Mactaggart (Chair from 15.6.20) Gary Medazoumian FCA Prof. Jonathan Portes Rt. Hon Fiona Mactaggart Russ Edwards Sarah Jackson OBE Becky Rice Sneha Patel Jeremy Swain Amarjit Bains (appointed 14.12.20) Sheldon Shillingford (appointed 14.12.20)
Secretary:	Gary Medazoumian FCA
Strategic Leadership Team: CEO Deputy CEO	Ashley Horsey Amy Doyle
Bankers:	Barclays Bank plc 7 th Floor, 180 Oxford Street London BX3 2BB
Solicitors	Bircham Dyson Bell 50 Broadway London SW1H 0BL
Auditors:	Haysmacintyre LLP 10 Queen Street Place London EC4R 1AG

REPORT OF THE TRUSTEES

INTRODUCTION

The Trustees, who act as directors for the purposes of the company law, present their report and financial statements for the year ended 31 December 2020.

Commonweal Housing is an independent charity working to investigate, pilot and champion housing-based solutions to social injustice.

As with the whole of society, 2020 has been a difficult and unprecedented year with the effects of Covid-19 forcing changes for Commonweal as well as for many of the project partners we work with. We are pleased that the charity has weathered this storm well and remain in a strong position to continue our work going forward and have been able to provide specific support to a number of our project partners.

Using our charitable resources, we provide experts and partner organisations with the opportunity to investigate, trial, pilot and test new approaches and new service models designed to enhance housing equality and justice. Independently evaluating each of our projects we share our experiences, using this learning to inspire new thinking. Through the wider adoption and adaptation by others of what works and sharing the lessons from what doesn't, we influence changes in policy and practice

We remain grateful to the Directors of Grove End Housing, a not for profit property company, who remain our principal benefactor. We are proud of our history and our lineage as part of the wider philanthropic heritage of the Mactaggart family. We are pleased that this lineage continues with the appointment this year of Jack Mactaggart as our new Chair of the Board of Trustees

This independent funding and independent governance allow us to investigate social injustices and housing solutions that may otherwise be overlooked. We highlight issues, injustices and solutions from the perspective of an *invested charity*, deploying our charitable resources to maximise learning, not as a vested interest.

The Board believe Commonweal should focus efforts on going deeper into areas of social policy and injustice where the charity has built up a track record of activity, networks of support and knowledge over the last decade or so.

In 2019 the Board approved a new three-year strategy (Jan 2020 – Dec 2022) focussing new activity specifically, (but not exclusively) on three thematic areas of injustice:

- **Violence against women and girls**
- **The criminal justice system**
- **Transitions** – *be that transitions to adulthood, transitions in accommodation from institutions to independence or other 'life' transitions*

These accounts therefore cover the first year of this new business strategy period.

The Board however are also clear that key to Commonweal's strength and role is to be nimble and to react and support new or emerging issues and projects. Therefore, whilst '*nearer and deeper*' will be the focus for staff time we remain open to exploring new ideas from wherever they emerge.

The Board has set an ambitious 5-year vision for the charity that by 2025 Commonweal will be widely viewed as:

“a ‘go to’ organisation for innovative and deliverable housing-based solutions to social injustice – at the forefront of imaginative thinking”

For Commonweal we start from a position of wanting to understand what the injustice is, its causes and trajectory and then, working with partners, we see *if* housing might have a role to play in its solution. We passionately believe in the importance to people's lives of safe, stable, secure and accessible housing a situation that may not necessarily be obvious when first considering an issue. However, we also recognise in some cases housing may not have a central role to play.

Commonweal is a social injustice housing-based action learning charity

REPORT OF THE TRUSTEES

We are further developing our *reputation as innovators and leaders in the field of housing backed social investment*. We have been successful at providing attractive investment propositions to charitable Trusts, Foundations and others seeking mission related and social investment opportunities. Commonweal continues to work with organisations such as Big Society Capital and Social Finance to share our experiences

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Charity is a charitable company limited by guarantee and a registered charity. It is governed by its Memorandum and Articles of Association (as amended). These provide for one third of the Trustees to retire at each Annual General Meeting. The minimum number as set out in the Memorandum and Articles of Association is three and the quorum is set at two Trustees.

Following our AGM in June 2020 the role of Chair passed from Steve Douglas CBE to Jack Mactaggart, previously Vice Chair of Commonweal. We are grateful to Steve, who stepped down from the board at the meeting, for his years as a long-standing Trustee and latterly Chair of the Board – the charity has benefitted greatly from his skills and expertise. Sarah Jackson OBE, a long-standing trustee, was appointed to the role of Vice Chair

The Board has set out a skills matrix identifying the core skills, knowledge and competencies felt to be necessary to provide suitable oversight, governance and guidance to the charity. The Trustees self-assess against those skills.

As part of succession planning two new Trustees were recruited at the end of 2020 following external recruitment and advertising. The new Trustees bring skills, professional and lived experience that cover identified areas of relative weakness in knowledge and skills following Board departures during the year. In addition, the new appointments further enhance the diversity of the Board. The Board continue to periodically review succession planning and Board membership depending upon the requirements of the charity and assessment against its skills matrix.

The Charity has in place a program for the induction and training of new Trustees.

The Board is the administrative and governing body and meets four times a year, ensuring and monitoring that the Charity is performing well, is solvent and complies with all its obligations. The Board has ensured that appropriate trustee indemnity insurance is in place.

With the appointment of a new Chair in 2020, Board undertook a formal Governance Review the results of which were considered in detail by the Board at their strategic awayday session in November. The overall consideration was that the governance of the charity was good with no significant areas of concern. However, being an action learning charity always seeking to improve, the Chair and Vice-Chair will be leading a governance improvement action plan in 2021 to further enhance governance and oversight.

Organisational structure and decision-making

The Board is responsible for the policy and strategy of the Charity, ensuring the long-term sustainability of the organisation along with its financial and legal probity.

The Chief Executive, Ashley Horsey, is responsible for implementing policies and strategies approved by the Board and for progressing organisational objectives and leading operational delivery by the staff team.

The Board consider the strategic leadership team of the charity to consist of the Chief Executive and the Deputy Chief Executive, Amy Doyle, who under FRS102 constitute the key management along with the trustees.

The Board has established a Remuneration Committee that meets not less than once per annum in the autumn as part of the budget preparation cycle. The Remuneration Committee recommends any changes to pay remuneration for staff, including remunerated key management personnel, to the Board for their December budget-setting

REPORT OF THE TRUSTEES

meeting for the forthcoming year. As part of the governance improvement action plan in 2021 the Board will consider the need and options for further committees to support the Board and enhance appropriate governance oversight.

OBJECTIVES AND ACTIVITIES

The Charity's core objects are the provision of housing for those who are in conditions of need and the advancement of education and training in particular (but without limitation) in relation to housing need.

We deliver our objects via two core work streams plus a growing role as thoughts leaders and a platform for discussion around housing and social injustice:

Property (acquisition) based medium to long term (5-10 year) action learning projects where the major investment by Commonweal is in the provision of the bespoke housing – using our existing capital or revenue funds as well as social investment funding. These cornerstone projects are aimed at thoroughly testing a new model or service with learning captured and widely shared to encourage or enable replication, policy or practice change by others.

Short term initial research and feasibility studies undertaken by others using Commonweal's revenue funding. Such early stage research is designed to '*scratch beneath the surface*' of a new, emerging or less-understood issue. The outcomes will add value to general understanding of the issue but may also lead to longer term action learning projects. As with all activity supported by Commonweal the measure of success is not that such work is being done *per se* but that this work has a wider impact.

Influencing policy and practice through effective dissemination and promotion of the findings from our own projects and studies but also offering a platform and promoting the thoughts and ideas of practitioners and experts in the fields of housing and social injustice.

In addition to these core work streams we will also consider opportunities for small-scale direct social investment where this will help meet our charitable objectives.

Our strap line '**housing solutions to social injustice**' is backed by a vision of:

- *Helping partnerships through property;*
- *Achieving leadership through learning;*
- *Delivering real change through collaboration*
- *Tackling injustice through innovation and*
- *Encouraging positive change, as evidenced, to policy and practice*

ACHIEVEMENTS AND PERFORMANCE

2020 was an important and challenging year for everyone. At Commonweal, our team has been able to adapt to home working full-time this year in response to the pandemic, and our partner organisations were able to ensure service delivery continued smoothly with the support of online communication. 2020 also saw the appointment of our new Chair of the Board and two new trustees; the commencement of new partnerships through our first Call for New Ideas; our first podcast series; and the publication of several new research reports and evaluations.

In March 2020, we launched our first *Call for New Ideas*, an invitation to potential new partners with ideas for innovative new housing solutions to social injustice. The *Call for New Ideas* welcomed applications around our three organisational themes: the criminal justice system, violence against women and girls, and transitions. In May, we extended the call until the end of the calendar year, to allow organisations time to adapt to the pandemic. Two new partnerships have begun as a result of the *Call for New Ideas*, with previous Commonweal partner Nelson Trust, and new partner bthechange CIC.

Following Government announcement of lockdown measures in response to the pandemic in March, Commonweal moved our team to home working, and have now provided all members of staff with appropriate equipment such as laptops and appropriate chairs. Since March 2020 all meetings including Board meetings have been via video conferencing. In terms of project delivery, our partners were able to adapt the provision of services, moving online to protect staff, with some halting referrals in and out of the project where appropriate. The Board set aside funds with which Commonweal are able to support project partners financially where they have been adversely affected by the pandemic. We were pleased to be able to make emergency funding available to those partners that needed it, including match funding £10,000 for Quaker Social Action's Big Give Christmas Challenge and rent subsidy to Praxis where they were unable to re-let voids due to the pandemic.

At the end of 2019, Commonweal was selected to take part in Spring Impact's Scale Accelerator Programme, joining a cohort of five UK change-maker charities and social enterprises with an ambition to scale their impact. We worked with the support and skills of Spring's consultants over six months in 2020 to up-skill the Commonweal team and establish our priorities for improving impact and supporting our strategic aim of replication. We are working to put these in practice throughout 2021

In June 2020, we welcomed two recipients of our Jane Slowey Memorial Bursaries delivered in partnership with the University of Birmingham, as they presented the findings of their third year dissertations to an audience of Commonweal Trustees, Advisory Panel, staff, and other invited guests. We are delighted that the Bursaries are supporting another four UoB students to enhance their dissertation research this year.

In September 2020, the board also approved some changes in staff roles and titles: Matthew Wale's role has been changed to Research and Evaluation Coordinator from Project Development Manager; Melanie Keys has taken on some project oversight tasks in her role as Administrator; and Megan Fereday was promoted from Communications Assistant to Communications Officer.

At the end of 2020 we also welcomed two new Trustees to the Board, Amarjit Bains and Sheldon Shillingford were appointed to the Board at the December 2020 meeting following an external recruitment process. Both bring with them individually specialist skills and knowledge of the social housing sector, professionally and lived experience. We are delighted to welcome them to the Board.

The key activities and projects for the year are set out below further details and copies of any reports referred to can be found on our website www.commonwealhousing.org.uk :-

Longer Term property-based action learning project

- *Freedom2Work* – 2020 was year five of Commonweal's 5-year revenue support enabling our project partners Elmbridge Rentstart to use part of their existing PRS portfolio, managed on behalf of local charities and private landlords, to support individuals moving from benefits to employment in high cost private rented sector. This innovative support programme helps people develop a savings culture initially intending to ease the financial jolt that frequently occurs when taking up employment. The project evaluation final report from the team at De Montfort University led by Prof. Jo Richardson was published in August 2020. The evaluation found that the project is saving over £2m in costs to society. Conversations are ongoing with Crisis, who are supporting Elmbridge Rentstart to promote and replicate the successful Freedom2 approach, including through their newly established PRS community of practice.
- *Move on Up* – 2020 was a significant year for this new young adult carers project, delivered by Quaker Social Action (QSA). In June 2020, during Carers' Week, Commonweal and QSA published the final evaluation of the project, produced by Learning and Work Institute. The evaluation found the project is having a positive impact on residents, including providing respite from caring, improved relationships with family members and improved outcomes in learning and employment. Commonweal, QSA and Learning and Work have been working to implement the recommendations of the report, with a particular focus on influencing national and local policy and practice. In June we also held our first Webinar to promote the learning from this project. Commonweal's first foray in to on-line broadcasting was very successful

attracting a large and interested audience with the presentations and discussions recorded and still available on our website.

- *The Rhea project* – In March 2020, we shared interim findings of an independent evaluation of this project, which uses an innovative partnership between Commonweal, Solace, and Southwark Housing solutions, to provide a stable housing pathway for women experiencing domestic abuse and their children. The interim findings highlighted strong partnership working and a vital combination of safe, suitable housing, holistic emotional and practical support, as integral to the project. Together with Solace, we are preparing to publish the final evaluation in early 2021.
- *The Commonweal & Reed Watts Pods* – We have continued to work through 2020 with Reed Watts and Housing Justice, who are working together to engage night shelters to use the Pods. In May 2020, a report by independent evaluator Leila Baker found the pods were ‘universally liked and welcomed’ by guests and staff at the Crashpad Shelter, the 999 Club and the Islington Glass House. The Covid-19 pandemic saw the closure of communal nightshelters and as such the potential for further take-up of the Pods idea was limited. However, our replication partners, Housing Justice, continue to promote the options offered by the pods especially as a possible benefit if communal shelters do open up again to assist with social distancing measures.
- *The Amari Project* – another project with Solace, the Amari project provides step-down accommodation for women experiencing sexual exploitation and trafficking. The project is working well post pilot stage, and has established a model that Solace see as a key offer they provide. Solace are in ongoing conversations about potentially expanding the service.
- *No Recourse to Public Funds* – throughout 2020 Praxis have continued to operate the NRPF project in very challenging conditions due to pandemic related lockdown measures. With the project approaching the end of the pilot (late 2021), there has been early preparation work for a well-managed exit plan, a crucial part of all Commonweal’s pilot projects. Praxis have had positive discussions with a London borough about continuing the excellent work pioneered by the NRPF project in the long term, and hopefully 2021 will yield developments for follow up projects.

Feasibility Studies – this year we published the final findings of several short-term research and feasibility studies, as well as commencing two new studies through our *Call for New Ideas*.

- *Closed Doors: Inequalities and injustices in appropriate and secure housing provision for female victims of trafficking who are also seeking asylum*– Hibiscus Initiatives were supported through Housing Helps to examine injustices in accommodation provision for victims of trafficking. Published in December 2020, the final report found that the majority of Victims of Trafficking do not have access to safe housing, with some even facing homelessness. The report highlighted a number of policy-related recommendations, including the provision of sufficient safe housing, and improvements in training, monitoring and accountability in services. We will continue to work with Hibiscus as they seek to implement these recommendations in 2021.
- *Hosting Her: Exploring host housing options for women* – Researchers Lisa Young and Tessa Horvath’s report exploring issues and options for hosting schemes for women was published in January 2020. The report found that host housing schemes can be a positive option for some women but must be more women-focussed and where appropriate offer women-only hosting. The report received a welcome level of engagement both from women’s services and existing hosting schemes.
- *Modular Housing* – Postgraduate architecture and design student George Fisher undertook a voluntary work placement with Commonweal over summer 2019, and was asked to pull together research exploring with those developing modular and modern methods of construction housing whether they felt there was a role to play for Commonweal. This led on from our previous support for the LivShare project as well as the 1625ip proposal. Published in May 2020, the research report which came out of this work made the case for greater collaboration and creativity to release the potential of modular housing. We are grateful to George Fisher for his engagement with Commonweal and for his enthusiasm for this piece of work.
- *1625iP* – The potential for *back garden bedrooms* to ease tensions in overcrowded households was the premise of the 2019 Housing Helps competition entry from young people’s Bristol based charity 1625

Independent People. They were keen to explore whether this model developed initially in Australia might have some relevance and offer opportunities in the UK. The commencement of this research was severely delayed due to COVID lockdowns and restrictions on Universities, with University of Bristol commissioned to be heavily involved in the evaluation. The research will get underway in 2021, with a report tentatively due in summer 2021.

- *Bristol Housing Festival: Hope Rise/Zedpods* – The Zedpods design looks to provide factory built housing on stilts utilising the airspace above ground level car parks. This proposal itself grew from the first Bristol Housing Festival - a citywide commitment to support new housing models and ideas. Following pandemic-related delay to resident move in, this research will commence in 2021.
- *Nelson Trust* – We committed £6,000 to The Nelson Trust to begin their scoping work on an accommodation pathway in conjunction with their new women's centre in Bristol. Research is already underway, and will be focussed on women linked in, or at risk of entering the criminal justice system in Bristol and surrounding areas. The feasibility has been considered by the Commonweal Board and we are pleased to be taking the proposal forward to a longer-term action learning project in 2021.
- *bthechange CIC – Breathe feasibility study* - Breathe is an ambitious, innovative proposal for a Devon-based residential retreat for women leaving prison and at risk of returning, submitted by bthechange in response to Commonweal's call for ideas in 2020. We worked with bthechange to support their writing of a feasibility study, which we will be exploring in more detail in early 2021, as part of a due diligence process to establish whether or not Commonweal can support bthechange CIC to turn this proposal into a property based action learning pilot.

The Trustees of Commonweal Housing wish to put on record again their thanks and gratitude to the Directors of Grove End Housing for their continued generous financial support for the charity and look forward to further engagement with our principal benefactor in supporting future property acquisition action learning projects.

FINANCIAL REVIEW

Many charities revealed the devastating impact the coronavirus crisis and lockdown has had on their incomes. We are very fortunate to have a long-standing partner and principal benefactor the Grove End Housing Limited who continue to provide our Core revenue funding. In addition, Commonweal receives rental income on its residential property portfolio which aligns with the increase in Local Housing Rates.

In 2020 GEHL revenue funding accounted for 62% of income excluding a gain on disposal of tangible fixed assets (2019 68%); and rental income 37% (2019 32%).

Despite the lockdown Commonweal's core activities continued to function as normal. The charity even extended its helping hand to support its project partners whose works were restricted or affected by the lockdown rules. The Trustees consider the results of increased income from our residential property portfolio and the continued support from Grove End Housing and the overall reduced expenditure disclosed on the following pages to be satisfactory.

Public benefit statement

The Board confirm that they have complied with the duty in the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission. Further information regarding the Charity's activities, public benefit and impact are presented in its Annual Impact Review, which is available on its website. <http://www.commonwealhousing.org.uk/>.

Risk management and principal risks and uncertainties

The Trustees have assessed the major risks to which the Charity is exposed and are satisfied that systems are in place to mitigate exposure and consequences of key risks. The Trustees consider and review the core strategic and

REPORT OF THE TRUSTEES

operational risks facing the charity at every quarterly Board meeting including the controls and mitigations in place to address or ameliorate these risks and note any new information from the Executive.

As at December 2020 the Board feel that there are 6 Covid corporate strategic risks that would seriously impact upon the charity's effectiveness or ongoing role. In addition, the Board recognize 5 other core corporate risks that if they were to materialize would mean Commonweal would fundamentally not be delivering our charitable aims and objectives:

COVID Strategic Risks		
	Key Risk Area	Controls and Mitigation
C1	Enforced home working / loss of use of office space	Shared cloud-based files and email accessible to all staff remotely. TEAMS network established to enable video calls between staff. Post and telephone redirect in place. Ability to undertake remote / internet banking with appropriate dual authorisation controls. Regular IT security reviews and software assessments by external consultants
C2	Inadequate governance oversight by Trustees / Board due to inability to hold face to face Board meetings	Regular Board Briefing emails to all Trustees. Governance calls / virtual meetings held via TEAMS between Chair V Chair, CEO and DCEO. Ability in governing documents for Board meetings to be held remotely - ZOOM licence acquired to enable larger / longer virtual calls / meetings. Virtual call agendas reviewed to ensure key issues being included and space given for discussion / decisions.
C3	Protracted loss of staff (individually or collectively) on sick leave	General coverage across the staff team in terms of capacity to cover others' work Loss of staff for periods of c.2 weeks plus would start to significantly impact upon effectiveness due to small team size as would loss of more than 2 staff at any one time. Use of shared drives enables access to files by other staff and regular team liaison and updates means shared knowledge of workload and priorities. Exceptions would be loss of Finance Coordinator and/ or consultant surveyor our technical specialist staff. In terms of finance alternative payment (dual authorisation) in place with Company Secretary and up to date invoice payment regime together with increased engagement of CEO and DCEO means a short period of illness could be managed with limited immediate impact. Loss of surveyor expertise would be of concern but steps to be taken to identify other potential 3rd party external consultants who could be called upon for support if needed.
C4	Death of staff member or Trustee	Limited controls but re: staff as above general ability to cover day-to-day workload initially whilst alternative staffing options considered. Similarly, loss of Trustee can be covered by the Board. NB in either event significant disruption likely as the organisation were allowed to grieve and pull together.
C5	Covid related death of resident in shared housing project - reputational and operational risk	Regular contact with project partners seeking confirmation of their pandemic control measures - sharing good practice between project partners. Supporting partners (financially if needed) who choose to not fill voids if they arise to avoid bringing new individuals in to existing properties and risk spreading of any virus. Reacting swiftly to any requests for assistance e.g. for repairs etc. which are Commonweal's responsibility whilst being clear with project partners their ongoing management and maintenance responsibilities as appropriate. A rapid a review as possible of any circumstances or lessons learned from any death should it occur to ensure such lessons and / or changes in practice can be shared with other shared housing projects and partners. Support for project partners with any communications support if required plus willingness to support in others ways as appropriate / asked.

REPORT OF THE TRUSTEES

C6	No rental income from project partners	Early and regular review of finances and cashflow to understand impact and possible mitigations depending upon scale of income lost. Commonweal have appropriate levels of cash reserves at present which give significant margin for lost or delayed income but any situation would be closely monitored.
----	--	--

	Core Strategic Risk Areas	Key Mitigations & Controls
A	Failure to adequately understand the issues and project areas, identifying the right project partner and most effective evaluation.	Detailed due diligence and early research. Use of Advisory Panel. Regular liaison with Trustees throughout development phase. Taking third party soundings. Membership of appropriate networks and interest groups. Input from Spring Impact via the Scale Accelerator programme further helping CWH focus on this aspect of our objectives
B	Failure to secure appropriate and meaningful replication for projects - failure to ensure learning has impact	Commissioning leading expert evaluators, focus on replication from earliest communication with project partners. Increasing expertise and understanding of replicating role model solutions. Increased understanding of different forms of replication relevant for different projects including promotion of policy implications.
C	Failure to maximise learning from evaluation contracts including original project size being too small and not providing critical mass	Monitoring evaluation contracts. Having capturing learning at the heart of all engagements with project and evaluation partners. Close consideration of appropriate project size during initial detailed due diligence and research phase.
D	Failure to adequately manage and oversee portfolio of projects - ensuring delivery by all parties of expected / required actions and activities.	Enhancements and improvements planned for suite of legal/ partnership / contractual documentation as well as more proactive oversight of project partners.
E	Changing mandatory & local HMO licensing schemes that may adversely impact upon some shared housing models. Also, greater use of Article 4 Directives by some planning authority's presumption against loss of family housing to HMO use.	Seeking to secure interim / existing licences to at least delay impacts of new schemes. Alternative options might also exist around partnerships with Registered Providers who are exempt from new regulations and / or seeking specific exemptions from relevant local authorities.

Reserves Policy

It is the policy of the Charity to maintain a proportion of its reserves in a readily realisable form to ensure that its core activity could continue during a period of unforeseen difficulty. The Trustees consider readily realisable reserves to be the amount of reserves that are easily converted into cash without the need to dispose any of its properties.

The Trustees assess the required level of reserves on an annual basis alongside its operating budget. This assessment takes into account the risks associated with each stream of income and expenditure varying from budget, its planned activity level, commitments to repay the loans secured on its properties and the need to keep sufficient bank balances to be able to manage the day-to-day fluctuations of receipts and payments. In 2019 The Trustees agreed a planned

REPORT OF THE TRUSTEES

deficit budget for 2020 although final year end out-turn actually resulted in a small surplus reflecting income from the sale of one property in the year. The Trustees originally agreed a deficit budget with a view that further planned deficit budgets may be approved in future years, where general reserves of the charity allow, ensuring the charitable funds held are being appropriately used, this included consideration of potential further mission related investment expenditure. However, none took place in 2020.

In December 2020 the reserves policy was reviewed by the Trustees and based on its 2021 operating budget and cash flows, a readily available cash reserve figure of a minimum of £125k was agreed to be necessary. A further £25k is designated as a Project Fund which represents monies set aside to enable the charity to pay from the General Fund its quarterly yield payments under the terms of its second social investment project.

As at 31st December the Charity's total reserves stood at £5.4M (2019: £5.3M) as set out in detail in note 14. Of this total figure 91% (2019: 89%) is included in the Designated Property Fund, represented by the functional assets of the Charity, which can only be realised by disposing the Charity's freehold and long leasehold properties.

Commonweal Trustees regularly consider options available to it to utilise its general reserves to further the charity's aims and objective. This has in the past (and may do so again in the future where suitable schemes are identified) included undertaking direct mission related investment.

PLANS FOR FUTURE PERIODS

Key priority over 2021 is to progress new property acquisition-based projects. Depending upon the final requirements of that project Commonweal are likely to be seeking new social investment funding. The successful exit in 2019 of our first social investment deal at the expiry of the 7-year term which delivered both financial and social value return to investors we hope further enhances our offer and attractiveness to investors. This likely search for new social investment funding will be done at the same time as we plan the managed exit from our second social investment deal – supporting our NRPF project whose 7-year term expires in January 2022.

REPORT OF THE TRUSTEES

Trustees' Responsibilities for the Financial Statements

The Trustees are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the Trustees to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the charity and of its incoming resources and application of resources, including its net income and expenditure for the year.

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Charity will continue in operation.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and which 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 for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of Information to Auditors

Each of the trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditors are aware of such information.

Auditors

A resolution proposing the reappointment of Haysmacintyre LLP will be put to the next Annual General Meeting.

Small companies note

In preparing this report the Trustees, who are also the directors, have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

ON BEHALF OF THE BOARD OF TRUSTEES


G S MEDAZGUMIAN FCA
Trustee

15th March 2021

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE COMMONWEAL HOUSING LIMITED

Independent auditor's report to the members of Commonweal Housing Limited

Opinion

We have audited the financial statements of Commonweal Housing Limited for the year-ended 31 December 2020 which comprise the statement of financial activities, the balance sheet, the cash flow statement 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 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 December 2020 and of the charitable company's net movement in funds, including the 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 charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the 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. The other information comprises the information included in the Report of the Trustees. 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.

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 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 Report of the Trustees (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 Report of the Trustees has been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE COMMONWEAL HOUSING LIMITED

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 Report of the Trustees (which incorporates the directors' 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 by the charitable company; or
- the charitable company 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; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 13, 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:

Based on our understanding of the charitable company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to the Charities Act 2011, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and the Charities Act 2011 and considered other factors such as relevant taxation.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks related to areas of estimation uncertainty. Audit procedures performed by the engagement team included:

- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewing the controls and procedures of the Charity to ensure these were in place throughout the year, including during the Covid-19 remote working period;
- Evaluating management's controls designed to prevent and detect irregularities;

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE COMMONWEAL HOUSING LIMITED

- Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions; and
- Challenging assumptions and judgements made by management in their critical accounting estimates with particular focus on the valuation of property and loan notes

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.



Murtaza Jessa (Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP, Statutory Auditors

10 Queen Street Place
London
EC4R 1AY

Date: 31 March 2021

Commonweal Housing Limited

STATEMENT OF FINANCIAL ACTIVITIES (including Income and Expenditure Account) For the year ended 31 December 2020

	Note	2020 £	2019 £
Income and endowments from:			
Donation and legacies	2	580,000	641,280
Charitable activity - rental income		346,667	296,863
Other income		2,976	783
Investment income		3,843	1,750
Gain on disposal of fixed assets		86,600	258,804
Total		<u>1,020,086</u>	<u>1,199,480</u>
Expenditure on			
Charitable activities	3	918,464	994,372
Total		<u>918,464</u>	<u>994,372</u>
Net income before fair value adjustments		101,622	205,108
Fair value adjustments			
- Realised on redemption of loan notes	7	-	(603,750)
- Add back: removal of unrealised gain on loans notes redeemed		-	555,000
- Unrealised on revaluation of loan notes at year-end	12	(271,938)	185,345
Net expenditure/(income) for the year		<u>(170,316)</u>	<u>341,703</u>
Unrealised gain on revaluation of fixed assets		282,392	(131,317)
Net movement in funds		112,076	210,386
Funds brought forward		5,254,181	5,043,795
Funds carried forward		<u><u>5,366,257</u></u>	<u><u>5,254,181</u></u>

The notes numbered 1 to 15 form part of these financial statements.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006. All of the income and expenditure relates to continuing activities.

Commonweal Housing Limited

BALANCE SHEET

As at 31 December 2020

	Notes	2020 £	2019 £
Fixed assets			
Tangible assets	6	9,854,871	9,766,202
Programme related investment	8	76,417	74,667
Other unlisted investment	9	1	1
		<u>9,931,289</u>	<u>9,840,870</u>
Current assets			
Debtors – due within one year	10	17,168	136,018
Cash at bank and in hand		759,450	498,192
		<u>776,618</u>	<u>634,210</u>
Current Liabilities			
Creditors: amounts falling due within one year	11	(23,660)	(174,847)
		<u>752,958</u>	<u>459,363</u>
Net current assets		<u>10,684,247</u>	<u>10,300,233</u>
Total assets less current liabilities			
Creditors: amounts due more than one year			
Loan notes - due after one year	12	(5,317,990)	(5,046,052)
		<u>5,366,257</u>	<u>5,254,181</u>
Net assets		<u>5,366,257</u>	<u>5,254,181</u>
Income funds			
Unrestricted funds:	14		
- Designated Property Fund		4,536,881	4,720,150
- Designated Project Fund		25,000	45,000
- Programme related Investment		76,417	74,667
- General Fund		727,959	414,364
Total funds		<u>5,366,257</u>	<u>5,254,181</u>

The balance sheet continues on the following page where the approval and signature are shown.

The notes numbered 1 to 15 form part of these financial statements.

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

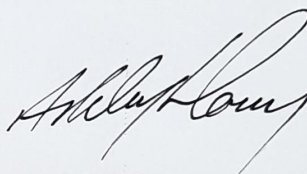
Commonweal Housing Limited

BALANCE SHEET
As at 31 December 2020

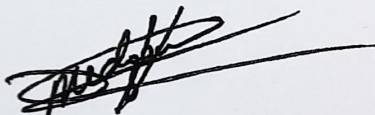
The accounts were approved and authorised for by the Board of Trustees on 15/3/21
and signed on their behalf by



J Mactaggart
Chair of the Board of Trustees



A HORSEY
Chief Executive



G S MEDAZOUMIAN
Secretary

15th March 2021

Commonweal Housing Limited

Accounting policies

For the year ended 31 December 2020

	2020 £	2019 £
Net movement in funds	112,076	210,386
Deduct: investment income	(1,750)	(1,750)
(Deduct)/add: revaluation of fixed assets	(282,392)	131,317
Add: fair value adjustment	271,938	(136,595)
(Deduct): gain on disposal of fixed assets	(86,600)	(258,804)
Add: depreciation	98,061	85,472
Decrease in debtors	118,850	63,710
Decrease in creditors (excluding loans)	(151,187)	(68,866)
Decrease in long term deferred income	-	(171,289)
Net cash provided by operating activities	<u>78,996</u>	<u>(146,410)</u>
Cash flows from investing activities		
Proceeds from disposal of fixed assets	186,631	1,073,274
Cash paid in respect of tangible fixed assets	(4,369)	(23,756)
	<u>182,262</u>	<u>1,049,518</u>
Cash flows from financing activities		
New loan notes drawn down	-	990,250
Loan notes repaid in the year	-	(1,988,750)
	<u>-</u>	<u>(998,500)</u>
Increase/(decrease) in cash and cash equivalents in the year	261,258	(95,392)
Cash and cash equivalents at the start of the year	<u>498,192</u>	<u>593,584</u>
Total cash and cash equivalents at the end of the year	<u><u>759,450</u></u>	<u><u>498,192</u></u>

Analysis of cash and cash equivalents and net debt

	1 January 2020	Cash flows	Fair value movements	31 December 2020
Cash	498,192	261,258	-	759,450
Loans notes	(5,046,052)		(271,938)	(5,317,990)
	<u>(4,547,860)</u>	<u>261,258</u>	<u>(271,938)</u>	<u>(4,558,540)</u>

Commonweal Housing Limited

Accounting policies

For the year ended 31 December 2020

NOTE 1 – ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with applicable law 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) (second edition, effective 1 January 2019) - (Charities SORP (FRS 102)), and with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). The financial statement are presented in sterling and figures are rounded to the nearest £.

The charity 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 note(s).

ENTITY STATUS

Commonweal Housing Limited is a private charitable company limited by guarantee and meet the definition of a public benefit entity as defined by FRS102. Further details of its company and charity registration are given on page 3.

GOING CONCERN

The Trustees note the impact of the spread of Covid-19 in 2020 and the risks associated to the charity's activities from this. The Trustees have prepared cash flow forecasts for the period of at least 12 months from the date of approval of these financial statements which indicate that the charity will have sufficient funds, through continued funding from its principal benefactor, Grove End Housing, to meet its liabilities as they fall due for that period. Accordingly, the financial statements are prepared on a going concern basis and the Trustees do not consider there to be any material uncertainty in connection with the charity's ability to continue to operate.

ESTIMATION UNCERTAINTY AND JUDGEMENTS

The directors consider the principal areas of estimation uncertainty and judgement to be the valuation of socially funded property and the valuation of the related loan notes.

INCOME

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

Properties transferred to the charity by way of gift are recognised at fair value at the date of transfer.

EXPENDITURE

All expenditure relates to charitable activities and includes direct costs, indirect support costs and governance costs. Governance costs, which are the statutory and organisational costs of operating the charity as a legal entity.

PENSION CONTRIBUTIONS

Contributions in respect of personal pension schemes are included in the statement of financial activities for the year in which they are payable to the scheme.

Commonweal Housing Limited

Accounting policies

For the year ended 31 December 2020

FIXED ASSETS AND DEPRECIATION

Assets with a useful economic life exceeding one year are initially recognised at costs where they are purchased or a fair value at the time of transfer in respect of assets where they are donated. The fair value of such assets is treated as a deemed cost.

Property assets acquired with finance provided by social investors are restated at their fair value at the balance sheet date a year after acquisition. The fair value is determined by the Trustees with reference to desktop valuation data together with professional valuations of certain properties and having regard to any actual transactions.

Depreciation is provided on all tangible fixed assets, other than freehold land and assets acquired with finance provided by social investors at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life, as follows: -

- | | |
|--|--|
| A) Freehold and long leasehold buildings held at deemed cost | - on a straight-line basis over 50 years |
| B) Socially funded freehold and leasehold buildings | - not depreciated |
| C) Computer and other equipment | - 20% per annum on a straight-line basis |

Expenditure on refurbishment works and associated costs on making the charity's freehold and leasehold properties project ready is written-off as incurred.

PROGRAMME RELATED INVESTMENTS

Programme related investments are stated at transaction value less any provision for impairment required. In accordance with the Charities SORP they are not restated at fair value.

LOAN NOTES

Loan notes represent finance obtained from Social Investors. The Social Investors' return includes not only a market rate of interest but an additional final payment equal to an agreed percentage of the gain made on disposal of the related property. Accordingly, the Trustees consider the loan notes to be complex financial instruments which are valued at fair value at the balance sheet date with the fair value adjustment in each year treated as part of income and expenditure. The fair value adjustment applied to the loan notes is a function of the valuation of the property at the balance sheet date which is itself an estimate. The actual redemption values of the loan notes are likely to differ from the estimates recorded at the preceding balance sheet date and this will result in a further fair value adjustment in the year of redemption.

FUNDS

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure, which meets these criteria, is charged to the fund.

Unrestricted funds are donations and other income received or generated and are expendable at the discretion of the Trustees in furtherance of the charity's objectives.

Designated funds are unrestricted funds earmarked by the Trustees for particular purposes.

2. DONATIONS AND LEGACIES

	2020	2019
	£	£
Donations		
Grove End Housing	£580,000	641,280
	=====	=====

The donation from Grove End Housing includes £100,000 (2019: £171,280) of covenanted income.

Commonweal Housing Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

3. EXPENDITURE

	Staff costs £	Other costs £	2020 Total £
Charitable Activities - 2020			
Direct and support costs	333,654	571,580	905,234
Governance costs	-	13,229	13,229
	<u>333,654</u>	<u>584,809</u>	<u>918,463</u>
			2019
	Staff costs £	Other costs £	Total £
Charitable Activities - 2019			
Direct and support costs	304,917	679,839	984,756
Governance costs	-	9,616	9,616
	<u>304,917</u>	<u>689,455</u>	<u>994,372</u>

Direct and support costs represent the cost of provision of the core activities of the charity: delivering housing solutions and understanding housing needs including the associated support costs to deliver these activities. The £571,580 (2019: £679,839) under other costs above relates to the charities main core activities: a) Property related project costs £387,369 (68%) (2019: £433,237 (64%)), b) Feasibility Studies and Grants to partners £50,600 (9%) (£73,500 (11%)), c) Learning and Sharing £26,075 (5%) (2019: £80,162 (12%)) and d) Office related operational costs £107,536 (19%) (£92,940 (13%)).

Governance costs relate to the direct costs associated with the effective governance of the charity. These include audit fees £13,040 (2019: £9,440), Company Secretarial £39 (2019: £26 and Trustee Liability Insurance £150 (2019: £150).

Net income for the year is stated after charging depreciation of £98,061 (2019: £85,472).

4. STAFF COSTS AND EMOLUMENTS

	2020 £	2019 £
Wages and salaries	277,781	253,958
Pension contributions	25,883	28,326
Social security costs	29,990	22,633
	<u>333,654</u>	<u>304,917</u>

Commonweal Housing Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

4.	STAFF COSTS AND EMOLUMENTS (cont'd)	2020 No.	2019 No.
	Particulars of employees:		
	The average number of employees during the year, calculated on the basis of full-time equivalents, was as follows:		
	Chief Executive	1	1
	Project and Communications Staff	4	4
	Finance and Administrative staff (FTE:1; 2019: 1)	1	1
		<u>6</u>	<u>6</u>

One employee received remuneration (excluding employer pension contributions) in the range of £90,000-£100,000 during the year (2019: one in the range £90,000-£100,000). The Trustees consider that the Key Senior Management Personnel of the charity comprised the Chief Executive and the Deputy Chief Executive Officer (from 08 June 2019) whose total remuneration including all benefits was £164,851 (2019: FTE 1, £139,170).

5. PAYMENTS TO TRUSTEES AND CONNECTED PERSONS

No Trustee or person with a family or business connection with a Trustee received remuneration in the year directly or indirectly, or had any expenses reimbursed (2019: nil).

6. TANGIBLE FIXED ASSETS

	Land & Buildings £	Computer & other equipment £	Total £
Cost or Valuation			
At 1 January 2020	10,393,057	5,639	10,398,696
Additions	-	4,369	4,369
Disposals	(118,000)	-	(118,000)
Revaluation	282,394	-	282,394
At 31 December 2020	<u>10,557,451</u>	<u>10,008</u>	<u>10,567,459</u>
Depreciation			
At 1 January 2019	630,406	2,088	632,494
Charge for the year	96,692	1,369	98,061
Eliminated on disposal	(17,969)	-	(17,969)
Elimination of rounding	2	-	2
At 31 December 2020	<u>709,131</u>	<u>3,457</u>	<u>712,588</u>
Net book value			
At 31 December 2020	<u>9,848,320</u>	<u>6,551</u>	<u>9,854,871</u>
	<u>9,762,651</u>	<u>3,551</u>	<u>9,766,202</u>
At 31 December 2019			

The net book value includes £1,847,953 in respect of long leasehold properties (2019: £1,993,503). The cost of properties held at valuation was £5,426,565 compared to a valuation of £6,222,791.

Commonweal Housing Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

7. SOCIAL INVESTMENT FINANCING

The Social investment deal for the seven NRPF properties reaches maturity in January 2022. In 2019 final payments were made for the loan note values, which matured in that year. The fair value adjustments and cumulative movements on the loan notes were illustrated in column showing the 2019 accounts.

8. PROGRAMME RELATED INVESTMENT

In 2018 Commonweal provided in pursuance of its charitable objects loan funding of £70,000 on a 10-year interest bearing arrangement to Action Foundation a registered charity based in Newcastle Upon Tyne with a 2.5% fixed interest on outstanding balances. The balance shown relates to the outstanding loan and accrued interest receivable. The loan is secured on property.

9. UNLISTED INVESTMENT

The unlisted investment of £1 represents the charity's interest in the share capital of its wholly-owned subsidiary undertaking, Re-Unite Limited. The subsidiary is registered in England and Wales and has not traded since it was incorporated on 28 October 2009.

10.	DEBTORS AND PREPAYMENTS	2020	2019
		£	£
	<u>Amounts due within one year:</u>		
	Prepayments and accrued income	17,168	36,018
	Deed of Covenant (note 13)	-	100,000
		<u>17,168</u>	<u>136,018</u>
11.	CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2020	2019
		£	£
	Other creditors	3,511	97
	Social security costs	9,289	7,944
	Accruals and deferred income (see note 13)	10,860	166,786
		<u>23,660</u>	<u>174,847</u>
12.	LOAN NOTES		

In 2013 the charity issued fixed rate loan notes to the value of £1,385,000 maturing in 2019 secured on six properties purchased with this funding, with full drawdown in 2014 (These loan notes were now fully redeemed in 2019). A further tranche of loan notes to support our No Recourse to Public Funds (NRPF) project maturing in 2022 was obtained starting in 2015 with full draw down completed in 2016 totalling £2,238,576. In 2018, a third tranche of loan notes for the value of £1,945,000 was obtained to purchase four properties to support our young adult carers project - Move on Up - being delivered by Quaker Social Action. This project matures in 2023. In 2019 a fourth tranche of loan notes for the value of £990,250 was obtained from the Monday Charitable Trust. The loan is used to refinance part of the first Peer Landlord property portfolio, the loan notes for which matured in July 2019. The Monday Charitable Trust

Commonweal Housing Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

funding enabled Commonweal to retain three of the six socially funded properties and continue using the houses for social purposes. The Loan notes from the Monday Charitable Trust matures in 2026.

The above loan notes bear an interest rate of 4.32% fixed for the Peer Landlord and NRPF projects and 3.75% CPI linked for the Move on Up QSA project, which the Trustees consider to be a market rate and 3.75% fixed rate for the Monday Charitable Trust.

In addition, final payments were made for the loan note values, which matured in 2019. The fair value adjustments and cumulative movements on the loan notes were illustrated in the 2019 accounts (see 2019 below).

	2020 £	2019 £
Loan notes at transaction value		
At the beginning of the year	5,173,826	5,568,576
Loan notes repaid in the year (note 7)	-	(1,385,000)
New loan notes in the year	-	990,250
At the end of the year	5,173,826	5,173,826
Fair value adjustments		
At the beginning of the year	(127,774)	612,571
Loan notes redeemed in the year	-	(555,000)
Revaluation at the year end	271,938	(185,345)
At the end of the year	144,164	(127,774)
Loan notes at fair value	5,317,990	5,046,052

13. DEFERRED INCOME

At 31 December 2020, the charity had no deferred income in respect of Deed of Covenants entered into by Grove Ending Housing (2019: one). The total sum of £700,000 committed to the charity was paid in full in seven equal instalments since 02 October 2014. There are no Deeds of Covenant due as shown in the accruals and deferred income in note 11 above.

Commonweal Housing Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

14. UNRESTRICTED FUNDS

	Balance at 1 January 2020 £	Income £	Expenditure/ Losses £	Transfers between funds £	Balance at 31 December 2020 £
Designated Funds:					
Property Fund	4,720,150	282,392	(369,999)	(95,662)	4,536,881
Project funds					
Yield payments	25,000	-	(25,000)	25,000	25,000
Elmbridge Rentstart	20,000	-	(20,000)	-	-
Programme related					
Investment	74,667	1,750	-	-	76,417
General Fund	<u>414,364</u>	<u>1,018,336</u>	<u>(775,403)</u>	<u>(70,662)</u>	<u>727,959</u>
	<u>5,254,181</u>	<u>1,304,478</u>	<u>(1,190,402)</u>	<u>43,405</u>	<u>5,366,257</u>

The Property Fund represents the total amount (at cost less depreciation) invested in donated freehold and long leasehold land and buildings used for the functional purposes of the charity.

The Project Fund represents monies set aside to enable the charity to pay its quarterly yield payments under the terms of its second social investment project. It also includes provision for future funding commitments made by the charity to support the Elmbridge Rentstart Freedom2Work project, which ended this year. Commonweal has agreed to provide revenue support to this project for 5 years starting in 2016 and ending in 2020. The Programme related investment is the money Commonweal advanced as a loan to Action Foundation a charity based in Newcastle Upon Tyne to pursue its charitable objects on a 10-year interest bearing arrangement. The loan is secured on a property (see note 8).

The General Fund represents undesignated monies retained to provide the working capital to enable the charity to carry out its activities as a provider of housing solutions to social injustice

15. RELATED PARTIES

One of the Trustees of the charity Gary Medazoumian, is member of Grove End Housing Limited (GEHL), a Registered Society registered under the Co-operative and Community Benefit Societies Act 2014.

Due to the nature of the charity's operations, transactions have taken place with GEHL at arm's length on normal trading terms which, under Financial Reporting Standard Number 8, require disclosure in the charity's accounts.

The following related party transaction occurred between the charity and GEHL during the year:

- (a) GEHL donated the sum of £580,000 (2019: £641,280) to the charity to fund its charitable activities.

At 31 December 2020, there was no amount due from GEHL to Commonweal (2019: £100,000).

Commonweal Housing Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

**The following pages do not form part of the statutory financial statements and
are for the information of the Trustees only.**

Commonweal Housing Limited

DETAILED STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 December 2020

INCOME	2020	2019
Voluntary income	£	£
GEHL - Gift Aid	480,000	470,000
GEHL - Deed of Covenants	100,000	171,280
Other income	93,419	261,337
	<u>673,419</u>	<u>902,617</u>
Rental income		
Amari & Rhea Projects	132,375	106,792
Peer Landlord Projects/TR and Depaul	60,632	52,844
PRAXS NRPf	56,890	61,924
QSA Move on Up Project	45,375	35,268
Private rented sector/Daboraconway	51,395	40,035
	<u>346,667</u>	<u>296,863</u>
Total income	<u>1,020,086</u>	<u>1,199,480</u>
EXPENDITURE		
Project Expenditure		
Property costs (Inc. refurbishment costs on handover)	81,735	104,868
Feasibility cost and grants to partners	30,600	53,500
Depreciation and Amortisation of leases	98,061	85,472
Project Revenue support	20,000	20,000
Evaluators	-	54,244
Dissemination and publication	-	(3,616)
Legal and professional	12,108	3,925
Yield on secure loan notes	195,466	213,675
PODS (Starter for Ten design competition)	<u>26,075</u>	<u>29,534</u>
	<u>464,045</u>	<u>561,602</u>
Chief Executive's Office		
CEO and staff salary	277,781	253,957
Pension contributions	29,990	28,326
Social security costs	25,883	22,633
Recruitment costs	-	8,929
Travel and conferences	6,567	3,821
Freelance/Retainer Fee	30,000	30,000
Serviced office accommodation (Inc. telecoms)	44,751	44,093
IT Support and maintenance	6,946	7,431
Repairs and Renewals	1,022	-
Printing, Postage and Stationery	2,295	2,219

Commonweal Housing Limited

DETAILED STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 December 2020

	2020 £	2019 £
Chief Executive's Office (continued)		
Insurance	891	891
Subscriptions, magazines etc	4,353	4,186
Miscellaneous	385	661
	<u>430,864</u>	<u>407,147</u>
Support and Administration		
Consultancy and professional fees	1,743	4,160
Accounting and Payroll software	2,443	2,606
Web Design and consultancy (incl. Annual review & publicity material)	6,140	9,241
	<u>10,326</u>	<u>16,007</u>
Governance		
Audit fee	13,040	9,440
Company secretarial	39	26
Trustee Liability Insurance	150	150
	<u>13,229</u>	<u>9,616</u>
Total expenditure	<u>918,464</u>	<u>994,372</u>
Net surplus before fair value adjustments and revaluations	<u><u>101,622</u></u>	<u><u>205,108</u></u>