

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	727,959	875,027	(948,786)	(146,686)	507,514
	<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).