

Company Registration No. 06455755 (England and Wales)
Charity Number: 1130880

The Duke of Lancaster Housing Trust

**Annual report and financial statements
For the year ended 31 March 2021**

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The Duke of Lancaster Housing Trust

Legal and administrative information

Directors

Mark Hancock
Julian Smith
Katie Bond
Hugh Bullock
Chris Adcock (resigned 14 April 2021)
Sandra Skeete (resigned 18 November 2020)

Secretary

Hugh Bruce-Watt

Registered Office

1 Lancaster Place
Strand
London
WC2E 7ED

Company registration number

06455755

Charity number

1130880

Auditors

Saffery Champness LLP
71 Queen Victoria Street
London
EC4V 4BE

Bankers

Coutts & Co
440 Strand
London
WC2R 0QS

Solicitors

Trowers and Hamlins
3 Bunhill Row
London
EC1Y 8YZ

The Duke of Lancaster Housing Trust

Directors' report

For the year ended 31 March 2021

The Directors present their annual report and the audited financial statements for the year ended 31 March 2021.

Structure, governance and management

Constitution

The company was incorporated on 18 December 2007 and was registered with the Charity Commission on 31 July 2010. The registered charity number is 1130880. The company is governed by its Memorandum and Articles of Association under the Companies Acts. The Trust is a company limited by guarantee.

Administration

Administrative support is provided to the charity by The Duchy of Lancaster from its offices at 1 Lancaster Place, Strand, London, WC2R 4LA.

Trustees

The Directors, who are also the Trustees of the charity for the purposes of charity law, met twice during the period to discuss matters of a strategic and administrative nature. The Directors who served during the year and up to the date of this report are shown below. The power to appoint new Directors is vested in the existing Directors of the company. There is an informal interview and induction process for any new Director.

Mark Hancock

Julian Smith

Hugh Bullock

Katie Bond

Chris Adcock (resigned 14 April 2021)

Sandra Skeete (resigned 18 November 2020)

Risk review

The major strategic, business and operational risks which the charity faces are continually under review by the Directors who have taken steps to ensure that they understand the risks and are confident that they are managed appropriately.

Objectives and activities

Objects

The objects of the Charity are the provision of housing, accommodation, assistance to help house people and associated facilities and amenities for those in necessitous circumstances.

Review of activities

The Charity's principal objective is the provision of rural affordable housing.

Policy for assessment of charitable beneficiaries

The Directors consider applications for assistance from individuals local to the available housing. The applicant must be in financial need of housing. The Directors consider whether the applicant can afford housing in the area taking into account their income and the market values in the relevant area. The type of accommodation required, including size, location and adaptability, is then assessed.

The Duke of Lancaster Housing Trust

Directors' report (continued)

For the year ended 31 March 2021

Public benefit

The Directors have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the aims and objectives and in planning for future activities. In particular the directors consider how the purchase of affordable housing and the policy of identifying beneficiaries will contribute to the aims they have set. The Directors consider the current policy, as described above, delivers public benefit. Details of the objects which form the basis of this policy are also given earlier in this report.

Financial review

The net movement in funds for the period amounted to a profit of £88,926 as shown in the statement of financial activities on page 10.

Reserves policy

The level of general unrestricted funds, being the total net assets of the Housing Trust, at 31 March 2021 was £5,680,560 (2020: £5,591,634). The directors plan to maintain sufficient reserves to complete the purchase of affordable housing.

Achievement, Performance and Future plans

The Trustees' five-year business plan adopted in 2016 had a core objective of a 100 per cent increase in its housing stock by 2021. The Trustees acquired 1 additional property in the financial year 2020/21 with the current number of properties standing at 33.

A review of the new 2021 - 26 business plan is currently underway. The core objective of the 5-year plan being to purchase 20 properties (with an option to purchase a further 7 in the period, subject to funding). The aim is to bring the total number to between 53 and 60. We are currently working on the purchase of 5 properties in the financial year 2021/22.

The Trustees continue to make a positive contribution to the local communities in which the Duke of Lancaster Housing Trust operates.

Key achievements in 2020/21 include:

- 100 per cent occupancy by tenants with a local connection
- 67 per cent occupancy by tenants with a Duchy of Lancaster connection
- No voids in the year
- 85% of bedrooms utilised
- Complete refurbishment and letting of a new acquisition in Salwick

Donations from the Duchy of Lancaster are to be provided as required for the purchase of properties for the year to 31st March 2022.

Directors' report (continued)
For the year ended 31 March 2021

Directors' responsibilities

The Directors, who are also Trustees of the Charity for the purposes of charity law, are responsible for preparing the Trustees' 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 directors to prepare financial statements for each financial year which give a true and fair view of the state of the 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 Directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Directors are responsible for keeping proper 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.

In so far as the Trustees are aware

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

By order of the Board of Trustees on 23 November 2021



Mark Hancock
Director

The Duke of Lancaster Housing Trust

Independent auditors' report to the directors (continued)

For the year ended 31 March 2021

Opinion

We have audited the financial statements of The Duke of Lancaster Housing Trust for the year ended 31 March 2021 which comprise of a Statement of financial activities, Balance sheet, Statement of cashflow and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the charitable company's state of affairs as at 31 March 2021 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006.

Emphasis of Matter – property valuation

We draw attention to note 8 of the financial statements which describes in the external valuation report a material uncertainty on the valuation of the land and buildings due to COVID-19 pandemic. Our opinion is not modified in respect of this matter.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent auditors' report to the directors (continued)
For the year ended 31 March 2021

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Annual Report which includes the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Annual Report which includes the Directors' Report 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 in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report.

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

The Duke of Lancaster Housing Trust

Independent auditors' report to the directors (continued)

For the year ended 31 March 2021

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and to take advantage of the small companies exemption in preparing the Trustees' Annual Report and the Strategic Report.

Responsibilities of trustees

As explained more fully in the Trustees' Responsibilities Statement set out on pages 3 and 4, the trustees (who are also 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 to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditors under the Companies Act 2006 and report in accordance with regulations made under that Act.

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 specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud are detailed below.

Identifying and assessing risks related to irregularities:

We assessed the susceptibility of the charitable company's financial statements to material misstatement and how fraud might occur, including through discussions with the trustees, discussions within our audit team planning meeting, updating our record of internal controls and ensuring these controls operated as intended. We evaluated possible incentives and opportunities for fraudulent manipulation of the financial

Independent auditors' report to the directors (continued)
For the year ended 31 March 2021

statements. We identified laws and regulations that are of significance in the context of the charitable company by discussions with trustees and updating our understanding of the sector in which the charitable company operates.

Laws and regulations of direct significance in the context of the charitable company include The Companies Act 2006, and guidance issued by the Charity Commission for England and Wales .

Audit response to risks identified:

We considered the extent of compliance with these laws and regulations as part of our audit procedures on the related financial statement items including a review of financial statement disclosures. We reviewed the charitable company's records of breaches of laws and regulations, minutes of meetings and correspondence with relevant authorities to identify potential material misstatements arising. We discussed the charitable company's policies and procedures for compliance with laws and regulations with members of management responsible for compliance.

During the planning meeting with the audit team, the engagement partner drew attention to the key areas which might involve non-compliance with laws and regulations or fraud. We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or knowledge of any actual, suspected or alleged fraud. We addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and identifying any significant transactions that were unusual or outside the normal course of business. We assessed whether judgements made in making accounting estimates gave rise to a possible indication of management bias. At the completion stage of the audit, the engagement partner's review included ensuring that the team had approached their work with appropriate professional scepticism and thus the capacity to identify non-compliance with laws and regulations and fraud.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

The Duke of Lancaster Housing Trust

Independent auditors' report to the directors (continued)
For the year ended 31 March 2021

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.


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Jamie Younger (Senior Statutory Auditor)
for and on behalf of Saffery Champness LLP

Chartered Accountants 71 Queen Victoria Street
London
EC4V 4BE

Statutory Auditors

Date: 13 December 2021

Saffery Champness LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

The Duke of Lancaster Housing Trust

Statement of financial activities
For the year ended 31 March 2021

	Notes	2021	2020
		£	£
Income from:			
Charitable activities	3	184,815	1,147,762
Other	4	162	881
Total income		184,977	1,148,643
Expenditure on:			
Charitable activities	5	96,051	89,458
Total expenditure		96,051	89,458
Other gains and losses	6	-	(320,625)
Net income for the year		88,926	738,560
Net movement in funds		88,926	738,560
Total funds brought forward	11	5,591,634	4,853,074
Total funds carried forward		5,680,560	5,591,634

All recognised gains and losses are included in the statement of financial activities.

The results for the period all relate to continuing activities.

The notes on pages 13 to 17 form part of these financial statements.

All the above incoming resources were unrestricted.

The Duke of Lancaster Housing Trust

Balance sheet
As at 31 March 2021

	Notes	2021	2020
		£	£
Fixed assets			
Tangible assets	8	5,197,989	5,081,000
Current assets			
Debtors	9	26,847	7,970
Cash at bank		471,335	527,975
Current liabilities			
Creditors	10	(15,611)	(25,311)
Net current assets		482,571	510,634
Net assets		5,680,560	5,591,634
Reserves			
Unrestricted general fund	11	5,680,560	5,591,634
Net funds		5,680,560	5,591,634

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

The notes on pages 13 to 17 form part of these financial statements.

Signed on behalf of the Directors on 23 November 2021



Mark Hancock
Director

Company Registration No. 06455755 (England and Wales)

The Duke of Lancaster Housing Trust

Cashflow statement

For the year ended 31 March 2021

	Notes	£	2021 £	£	2020 £
Net cash provided by/(used in) operating activities	13		60,187		1,073,018
Cash flows from investing activities					
Purchase of tangible assets		(116,989)		(914,241)	
Interest received		162		881	
Net cash used in investing activities			(116,827)		(913,360)
Net (decrease)/increase in cash			(56,640)		159,658
Cash at the beginning of the year			527,975		368,317
Cash at the end of the year			471,335		527,975

The Duke of Lancaster Housing Trust

Notes to the financial statements For the year ended 31 March 2021

1. Accounting policies

a Basis of accounting

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

The charitable company 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 or note.

b Going concern

Based on the recent performance and level of liquid reserves, the Trustees consider that there are no material uncertainties about the Charity's ability to continue as a going concern. The Trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

c Fund accounting

Unrestricted funds are available to spend on activities that further any of the purposes of charity.

d Income

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

Rental income is recognised when receivable and the amount can be measured reliably by the Charity; this is normally based on the amount agreed in the contract.

e Expenditure and irrecoverable VAT

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the Charity to that expenditure, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis.

Irrecoverable VAT is charged against the expenditure heading for which it was incurred.

Notes to the financial statements (continued)
For the year ended 31 March 2021

f Allocation of governance costs

Governance costs comprise all costs involving the public accountability of the Charity and its compliance with regulation and good practice.

g Charitable activities

Costs of charitable activities and governance costs are shown in note 5. Audit fees are considered to be governance costs and the remainder are costs of charitable activities.

h Tangible fixed assets and depreciation

Any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management are capitalised.

Tangible fixed assets include investment property, which is property held to earn rental and/or for capital appreciation. It is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently, it is measured at fair value at each reporting date.

Tangible fixed assets are not depreciated as they are deemed to have a useful economic life of more than 50 years and are properly maintained such that depreciation would be immaterial.

i Debtors

Trade and other debtors are recognised at the amount expected to be recovered. Prepayments are valued at the amount prepaid in respect of a later period.

j Creditors

Creditors are recognised at their settlement amount after allowing for any trade discounts due.

2. Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements in accordance with FRS 102 requires the Trustees to make estimates and assumptions concerning the future. The estimates and assumptions that could have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include fixed asset measurement, accruals, depreciation and revenue recognition. The accounting in these areas requires management to use judgement. In relation to accruals this is a best estimate of costs that will be incurred based on contractual requirements. For fixed asset measurement this is ensuring assets are not impaired. For depreciation the estimate is driven by the useful economic life of the associated assets. For revenue recognition management apply judgement in determining when revenue should be recognised.

The Duke of Lancaster Housing Trust

Notes to the financial statements (continued)
For the year ended 31 March 2021

3. Income from charitable activities

	2021	2020
	£	£
Donation from Duchy of Lancaster	-	1,000,000
Rent receivable from affordable housing	184,815	147,762
	<u>184,815</u>	<u>1,147,762</u>

4. Other

	2021	2020
	£	£
Bank interest	162	881
	<u>162</u>	<u>881</u>

5. Charitable activities

	2021	2020
	£	£
Property maintenance and repairs	59,240	56,398
Property management fees	14,181	15,331
Other legal and professional fees	8,295	5,300
Bank charges	-	-
Audit fees	5,700	6,550
Insurance costs	8,290	5,879
Bad and doubtful debts	345	-
	<u>96,051</u>	<u>89,458</u>

**6. Other gains and losses
fixed asset investments**

	2021	2020
	£	£
Changes in the fair value of investment properties	-	(320,625)
	<u>-</u>	<u>(320,625)</u>

The Duke of Lancaster Housing Trust

Notes to the financial statements (continued)

For the year ended 31 March 2021

7. Staff costs

The charity Trustees received £nil of benefits from employment with the Trust in the year (2020: £nil) and they were not reimbursed expenses during the year (2020: £nil). No charity Trustee received payment for professional or other services supplied to the Charity (2020: £nil). The Charity has no directly employed staff.

8. Tangible fixed assets

	Land and Buildings
	£
Cost	
At 1 April 2020	5,081,000
Additions	116,989
Revaluation	
At 31 March 2021	5,197,989

The fair value of the investment property has been arrived at on the basis of a valuation carried out at 31 March 2020 by Savills, who are not connected with the company. The valuation was made on an open market value basis by reference to market evidence of transaction prices for similar properties. This report included a material uncertainty on the property valuations due to the impact of the COVID-19 pandemic. The Trustees believe that there have been no material movements in the value of investment property since 31 March 2020.

9. Debtors

	2021 £	2020 £
Other debtors	26,847	7,970
	26,847	7,970

The Duke of Lancaster Housing Trust

Notes to the financial statements (continued)

For the year ended 31 March 2021

10. Creditors

	2021	2020
	£	£
Creditors	15,611	25,311
	<u>15,611</u>	<u>25,311</u>

11. Movement in funds

	As at 1 April 2020 £	Incoming resources £	Outgoing resources £	Investments Gains/ (losses) £	Transfers between funds £	As at 31 March 2021 £
Unrestricted funds:						
General funds	5,591,634	184,977	(96,051)	-	-	5,680,560
	<u>5,591,634</u>	<u>184,977</u>	<u>(96,051)</u>	<u>-</u>	<u>-</u>	<u>5,680,560</u>

12. Related party transactions

During the year, the Duke of Lancaster Housing Trust received a donation of £nil from the Duchy of Lancaster (2020: £1,000,000).

13. Reconciliation of net income/(expenditure) to net cash flow from operating activities

	2021	2020
	£	£
Net income/(expenditure) for the reporting period	88,926	738,560
Adjustments for:		
Interest received	(162)	(881)
(Increase)/decrease in debtors	(18,877)	(2,666)
Increase/(decrease) in creditors within one year	(9,700)	17,380
(Gain)/loss on investment property	-	320,625
	<u>60,187</u>	<u>1,073,018</u>

