

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 2022

The Duke of Lancaster Housing Trust

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The Duke of Lancaster Housing Trust

Legal and administrative information

Directors	Mark Hancock Julian Smith Katie Bond Hugh Bullock Lisa Duckworth appointed 10/02/22
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 2022

The Directors present their annual report and the audited financial statements for the year ended 31 March 2022.

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 interview and induction process for any new Director.

Mark Hancock

Julian Smith

Hugh Bullock

Katie Bond

Lisa Duckworth appointed 10/02/22

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 2022**

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 £974,341 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 2022 was £6,654,901 (2021: £5,680,560). The directors have designated £5,900,922 into a property fund during the year being the rental properties classed as tangible fixed assets. This shows that the unrestricted free reserves of the charity as at 31 March 2022 were £753,979. This is in line with the plan the directors set to maintain sufficient reserves to complete the purchase of affordable housing, when required and meets the criteria set by the directors.

Achievement, Performance and Future plans

The Trustees' five year business plan adopted in 2021 had a core objective of purchasing 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. The Trustees acquired 3 properties before 31st March 2022 and have completed on another 2 post year end before the signing of this report bringing the total to 38.

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

Key achievements in 2021/22 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
- The purchase of 3 new properties into the portfolio which are now let to tenants

Donations from the Duchy of Lancaster of £900,000 were received in the year to enable the purchase of properties for the year to 31st March 2022 and beyond.

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).

The Duke of Lancaster Housing Trust

Directors' report (continued) For the year ended 31 March 2022

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 22 November 2022



Mark Hancock
Director

The Duke of Lancaster Housing Trust

Independent auditors' report to the directors (continued) For the year ended 31 March 2022

Opinion

We have audited the financial statements of The Duke of Lancaster Housing Trust for the year ended 31 March 2022 which comprise the Statement of Financial Activities, Balance Sheet, 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 March 2022 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 requirements of 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 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 Auditors' 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.

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.

The Duke of Lancaster Housing Trust

Independent auditors' report to the directors (continued)

For the year ended 31 March 2022

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:

- 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 Duke of Lancaster Housing Trust

Independent auditors' report to the directors (continued) For the year ended 31 March 2022

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 auditors' 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 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.

Independent auditors' report to the directors (continued)
For the year ended 31 March 2022

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.

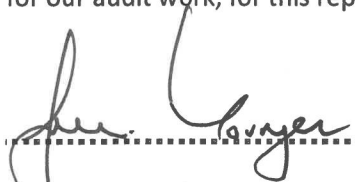
A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

The Duke of Lancaster Housing Trust

Independent auditors' report to the directors (continued)
For the year ended 31 March 2022

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 and trustees 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, the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



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

Statutory Auditors
Chartered Accountants 71 Queen Victoria Street
London
EC4V 4BE

Date: 30 November 2022

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 2022**

	Notes	2022	2021
		£	£
Income from:			
Charitable activities	3	1,088,965	184,815
Other	4	49	162
Total income		1,089,014	184,977
Expenditure on:			
Charitable activities	5	114,673	96,051
Total expenditure		114,673	96,051
Other gains and losses	6	-	-
Net income for the year		974,341	88,926
Net movement in funds		974,341	88,926
Total funds brought forward	11	5,680,560	5,591,634
Total funds carried forward		6,654,901	5,680,560

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 2022**

	Notes	2022	2021
		£	£
Fixed assets			
Tangible assets	8	5,900,921	5,197,989
Current assets			
Debtors	9	220,969	26,847
Cash at bank		594,415	471,335
Current liabilities			
Creditors	10	(61,404)	(15,611)
Net current assets		753,980	482,571
Net assets		6,654,901	5,680,560
Reserves			
Unrestricted funds:			
General Fund		753,979	-
Designated Fund	11	5,900,922	5,680,560
Net funds		6,654,901	5,680,560

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 15 to 19 form part of these financial statements.

Signed on behalf of the Directors on 22 November 2022



**Mark Hancock
Director**

Company Registration No. 06455755 (England and Wales)

The Duke of Lancaster Housing Trust

Cashflow statement

For the year ended 31 March 2022

	Notes	£	2022 £	£	2021 £
Net cash provided by/(used in) operating activities	13		825,963		60,187
Cash flows from investing activities					
Purchase of tangible assets		(702,932)		(116,989)	
Interest received		49		162	
Net cash used in investing activities			(702,883)		(116,827)
Net (decrease)/increase in cash			123,080		(56,640)
Cash at the beginning of the year			471,335		527,975
Cash at the end of the year			594,415		471,335

The Duke of Lancaster Housing Trust

Notes to the financial statements For the year ended 31 March 2022

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.

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 2022

3. Income from charitable activities		2022	2021
		£	£
Donation from Duchy of Lancaster	900,000	-	
Rent receivable from affordable housing	188,965	184,815	
	<u>1,088,965</u>	<u>184,815</u>	
4. Other		2022	2021
		£	£
Bank interest	49	162	
	<u>49</u>	<u>162</u>	
5. Charitable activities		2022	2021
		£	£
Property maintenance and repairs	67,673	59,240	
Property management fees	22,708	14,181	
Other legal and professional fees	4,420	8,295	
Bank charges	-	-	
Audit fees	5,528	5,700	
Insurance costs	13,884	8,290	
Bad and doubtful debts	460	345	
	<u>114,673</u>	<u>96,051</u>	
6. Other gains and losses fixed asset investments		2022	2021
		£	£
Changes in the fair value of investment properties	-	-	

The Duke of Lancaster Housing Trust

Notes to the financial statements (continued) For the year ended 31 March 2022

7. Staff costs

The charity Trustees received £nil of benefits from employment with the Trust in the year (2021: £nil) and they were not reimbursed expenses during the year (2021: £nil). No charity Trustee received payment for professional or other services supplied to the Charity (2021: £nil). The Charity has no directly employed staff.

8. Tangible fixed assets

	Land and Buildings
	£
Cost	
At 1 April 2021	5,197,989
Additions	702,932
Revaluation	
At 31 March 2022	<u>5,900,921</u>

The fair value of the 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. The Trustees believe that there have been no material movements in the value of investment property since 31 March 2020.

Coronavirus has impacted global financial and property markets. As such, less weight can be attached to previous market evidence for comparison purposes to fully inform opinions on value. Given that the valuations were prepared in the context of these unprecedented circumstances, they are reported on the basis of 'material valuation uncertainty', meaning that less certainty and a higher degree of caution should be attached to the valuations than normally would be the case.

9. Debtors

	2022 £	2021 £
Other debtors	220,969	26,847
	<u>220,969</u>	<u>26,847</u>

10. Creditors

	2022 £	2021 £
Creditors	61,404	15,611
	<u>61,404</u>	<u>15,611</u>

The Duke of Lancaster Housing Trust

Notes to the financial statements (continued)
For the year ended 31 March 2022

11. Movement in funds

	As at 1 April 2021 £	Incoming resources £	Outgoing resources £	Investments Gains/ (losses) £	Transfers between funds £	As at 31 March 2022 £
Unrestricted funds:						
General funds	5,680,560	1,089,014	(114,673)	-	(5,900,922)	753,979
Designated funds						
Property Fund	-				5,900,922	5,900,922
	<u>5,680,560</u>	<u>1,089,014</u>	<u>(114,673)</u>	<u>-</u>	<u>-</u>	<u>6,654,901</u>

Designated funds comprise of the Property Fund which is the value of the rental property held by the charity to fulfil its objects of provision of housing, accommodation, assistance to help house people and associated facilities and amenities for those in necessitous circumstances.

12. Related party transactions

During the year, the Duke of Lancaster Housing Trust received a donation of £900,000 from the Duchy of Lancaster (2021: £nil).

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

	2022 £	2021 £
Net income/(expenditure) for the reporting period	974,341	88,926
Adjustments for:		
Interest received	(49)	(162)
(Increase)/decrease in debtors	(194,122)	(18,877)
Increase/(decrease) in creditors within one year	45,793	(9,700)
(Gain)/loss on investment property	-	-
	<u>825,963</u>	<u>60,187</u>

