

# **The Sheppard Trust**

## **Annual Report and Financial Statements**

31 March 2023

Company Limited by Guarantee  
Registration Number  
6621820 (England and Wales)

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**Reference and administrative details** Year to 31 March 2023

<b>Executive Committee as at 2 October 2023</b>	Linda Davis, Chair Martyn Carter Amelia Gosal Christina Jordan, Vice Chair Keith Perry, Hon. Treasurer Melanie Saunders Claire Watson Neil White Agnes Woolrich
<b>Chief Executive and Secretary</b>	Clare Scott Booth
<b>Registered address</b>	12 Lansdowne Walk London W11 3LN
<b>Company registration number</b>	6621820 (England and Wales)
<b>Charity registration number</b>	1133356
<b>Auditor</b>	Buzzacott LLP 130 Wood Street London EC2V 6DL
<b>Investment Managers</b>	Investec Wealth and Investment Limited 2 Gresham Street London EC2V 7QN  Royal London Asset Management Limited 55 Gracechurch Street London EC3V 0UF
<b>Principal Bankers</b>	Unity Trust Bank plc Nine Brindleyplace Birmingham B1 2HB

**Reference and administrative details** Year to 31 March 2023

**Solicitors**

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The Executive Committee, whose members are the Directors and Trustees of the charity, is pleased to present its annual report together with the consolidated financial statements of The Sheppard Trust (the “Trust”) and its subsidiary ST Property Company Limited for the year ended 31 March 2023.

The report has been prepared in accordance with Part 8 of the Charities Act 2011 and constitutes a directors’ report for the purpose of company legislation.

The financial statements have been prepared in accordance with the accounting policies set out on pages 25 to 30 of the attached financial statements and comply with the charitable company’s Memorandum and Articles of Association, applicable laws and the requirements of 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 United Kingdom and Republic of Ireland (FRS 102).

## **OUR PURPOSES AND ACTIVITIES**

Providing Homes

Maintaining Independence

Community Spirit

The Sheppard Trust is an almshouse charity founded in 1855.

Its main charitable object is to provide low-cost housing for women who are in need, hardship or distress, who are aged 55 or over and who share community values. In practice the trustees normally accept applications from women aged 65 or over, in order to prioritise those most in need of the type of housing and support available.

The Trust’s main activity is providing housing, with some staff support, which enables our residents to live comfortably and independently in their own accommodation. Currently there is accommodation for 29 older women in need of low-cost, comfortable and secure homes. Sheppard Trust residents have the security of knowing that their homes will remain affordable and well maintained, and that support is on hand when needed.

The Trust’s activities are underpinned by a strong set of values: that the residents should feel comfortable, warm and secure in their homes; that their independence, privacy and dignity should always be respected; that their homes, the utility services and safety systems should be maintained to a high standard; that they should be well-supported at times of ill health or other need; and that a mutually supportive community spirit should develop through a range of social activities. All the activities undertaken are informed by these values.

Priority is given to those in the greatest need and residents often come to us from insecure or unsettled accommodation. The majority of the residents receive housing benefit and other welfare benefits, and those who are ineligible for this support nevertheless have incomes and savings far from adequate to buy or privately rent a home in or near to London.

### **OUR PURPOSES AND ACTIVITIES** (continued)

The Trust's work contributes to reducing homelessness amongst older people, and reducing social care costs by helping residents remain independent and active. The Executive Committee firmly believes that the provision of affordable housing for those in need is for the public benefit, and confirms that in planning its activities it has had regard to the Charity Commission's general guidance on public benefit.

### **ACHIEVEMENTS AND PERFORMANCE**

After two years dominated by the Covid-19 pandemic, we were able to broaden our activities in 2022/23. At the start of the year we completed the major exterior works at one of the houses, and we continued to focus on maintaining our Victorian properties to a high standard.

We continued to provide a support service designed to maintain independent living. This includes:

- ◆ Daily welfare visits to our most vulnerable residents, providing support and company as well as checking on health and wellbeing;
- ◆ Help to those going into or leaving hospital, for example collecting prescriptions and shopping;
- ◆ Helping older residents to arrange and access social activities and transport to attend them;
- ◆ Improving independence by identifying needs and providing equipment or making minor alterations in a residents flat, working with occupational therapists; and
- ◆ Advocating for our residents with social services and care agencies to ensure they are receiving any care they need.

The Trust's work responds to the continued external changes in support for older people, along with increases in life expectancy. Older people are now being enabled to stay in their homes longer in life and the Trust is increasingly involved in working intensively with families, social services and other agencies to ensure our residents' care and support needs can be met. Our current buildings remain increasingly constraining and we encounter a number of physical difficulties in meeting the needs of individual residents, ranging from the steps and the bathroom facilities to sound and heat insulation issues. We continued to pursue our plans to relocate (see Future Plans below).

During the year three residents moved to care homes, and one sadly died. We welcomed five new residents, all of whom were living in unsuitable accommodation for their needs. Our residents now range between the ages of 66 and 95.

Jenny Mayling, Assistant to the Chief Executive, left the Trust after 15 years service. We are very grateful for her commitment and hard work for the Trust over this time. We took the opportunity to restructure the work and Lisa Brewer joined us as Housing Scheme Manager.

### **ACHIEVEMENTS AND PERFORMANCE** (continued)

We were able to cautiously recommence outings and events for our residents. Two residents organised a garden party to celebrate HM Queen Elizabeth's Platinum Jubilee. A summer lunch was also held in the garden. In the winter we visited the Hampton Court Christmas Fayre, which was also an opportunity to see our new site (see Future Plans below), held a lively Christmas Lunch, and a very popular trip to the ballet. We finished the year with a theatre trip to see The Bodyguard.

### **FUTURE PLANS**

The Sheppard Trust has for some years been committed to an ambitious vision for a brand new, fit for purpose housing scheme, where its residents can enjoy excellent facilities and a home that meets their needs for life, and where it can double the number of beneficiaries. We continued to work towards realising this vision.

Housing for older people has never been more important and there is a huge need for good quality, affordable provision for those of limited means to buy or rent property. The Trust's current properties have served their purpose well for many years in providing secure and comfortable homes, but the physical limitations of the current buildings are already restricting us and will not meet the needs for the next generation of older women.

The main issues we face in our current location are:

- ◆ Access: no facilities for wheelchair or mobility scooter users, and difficulties for those with other mobility related needs. Five of the flats have steps within them which are a potential hazard and not appropriate for housing designated for older people. There is no level access to enter the buildings and although there are lifts there are steps in some of the narrow internal corridors and no level access to some flats.
- ◆ Space standards: most of the flats are not suitable for housing older people, particularly those with mobility related needs or care and support needs. For example the bathrooms allow insufficient space for those who need support from carers for personal care, and most of the kitchens are unsuitable for those with mobility related needs.
- ◆ Poor noise and heat insulation, poor energy performance, limited natural light in some areas, and limited communal and circulation spaces.
- ◆ Other significant limitations in how the properties could be adapted to meet modern and future best practice in housing for older people, for example to become "dementia friendly" or to include technology to support lifestyle or care and support needs.

As explained in "Achievements and Performance" above, there are already situations in which these issues mean residents' needs cannot be fully met to the high standards we aspire to.

As a result, the Executive Committee concluded that continuing to maintain and attempting to upgrade these Victorian homes is not good value for money, as the potential for people to "age in place" is significantly limited, the age of the buildings means it is highly challenging to create homes with low maintenance and running costs, and the properties were unlikely to meet the aspirations of future generations of older people. Therefore for some years it has pursued a strategy to relocate the Trust to modern purpose built homes designed for the needs of older people and located in a more affordable area.

### **FUTURE PLANS** (continued)

The vision is for housing which will enable residents to remain in their homes much longer in life and in most cases for the rest of their lives, and also to provide for a greater number of beneficiaries. Our vision also includes a tailored on-site support offer and access to care services to meet individual needs and a range of community activity giving choices for an active and fulfilling old age.

The Trust started its search for a suitable site in the Royal Borough of Kensington and Chelsea, where its current properties are located, but gradually widened the area of search over the past ten years as it became increasingly apparent that no suitable and affordable sites were viable prospects within the borough. Sites throughout the West London area and just outside were also considered. After this long search, the Trustees announced in October 2018 that an agreement had been reached with the Royal Cambridge Home to purchase part of their site in East Molesey, near Hampton Court, subject to planning permission. The site is situated in a very pleasant residential area with access to shopping and leisure facilities and there is easy access to Central London in just over half an hour from Hampton Court station. There are mature trees on all sides and significant green spaces as well as easy level access to the Thames riverside with its walking paths and cafes.

Planning permission was granted in October 2021 for a scheme including 60 large one bedroom flats for the Sheppard Trust, which will house our current residents, women on our waiting list, and local women in need of low cost housing. There will be a range of communal facilities – a lounge, café, hairdressing/therapy room, physical activity room, meeting room and other useful spaces for meeting together. The housing will meet high modern standards in terms of space standards, future adaptability including wheelchair use and assistive technologies, sound and heat insulation, energy performance and security, based on the HAPPI standards which set out best practice for older people's housing. It will have a residential character that promotes independence and avoids an institutional atmosphere.

A brand-new care home for the Royal Cambridge Home is planned to be located on the remainder of the site. The two buildings, and the two charities, will be separate but will complement each other.

Work intensified on bringing this scheme to reality although challenges remain due to increasing construction costs and interest rates. We carried out a tendering process for the care home building and construction started on site on 3 April 2023.

The Trust had always intended to dispose of the current properties in order to fund the new scheme. In early 2022 we started to market the properties with the objective of giving greater certainty over their value and therefore to give us greater confidence in proceeding towards a building contract. In October 2022 a sale was agreed and this completed in March 2023 for proceeds of £30m. As part of the agreement, the Trust entered into a lease of the properties so that it will continue to occupy them for up to a further 23 months. All the proceeds net of sales costs will be reinvested into our new scheme.

This exciting development will enable us to offer homes which truly meet our residents' needs into old age, enable us to offer homes for life in most cases, and double the number of beneficiaries that the Trust is able to help.



### **FUTURE PLANS (continued)**

The development work is being undertaken by the Trust's wholly owned subsidiary company, ST Property Company Limited. This is in order to ringfence the charity from some of the risks of entering into construction contracts and also for tax effectiveness. The company has entered into a deed of covenant so that all its profits will be gifted to the charity.

The Trustees had very much hoped to avoid the need for interim accommodation but as the sale agreement and building developments progressed it became apparent that it would be necessary for the Trust to move to interim accommodation once the lease expires, for a period of around a year. The Trustees appreciate that this causes continued uncertainty for our current residents. We will find interim accommodation for our current residents and they will all be guaranteed a brand new flat in our new scheme, but moving house, particularly at an advanced age, can be daunting and stressful. We will see to all the business of moving at no cost to our residents and support them through the whole process. For some of our residents with close ties to our current location, moving with us may not be the right option. We have offered a package of support and assistance to those residents to help them to find suitable alternatives if they wish to, and to help with moving. During the process we will continue our efforts to communicate well with our residents. After the year end residents started to get involved in the detailed design process for our new building, and to share their views on the priorities for choosing interim accommodation.

Our continued objective is to safeguard the future of the Sheppard Trust by providing modern accommodation which meets its current and future residents' needs for many years to come, as well as doubling the number of women in need who we are able to help.

### **FINANCIAL REVIEW**

The financial results of the Trust were significantly influenced by realising the profit on sale of the Lansdowne Walk properties. There was a surplus for the year of £26,003,688. Excluding the profit on sale of property, there was an operating deficit for the year of £141,766 before losses on investments and actuarial gains on the defined benefit pension liability. This operating deficit was primarily due to the continued large investment in maintenance works and the completion of the major works. Maintenance expenditure including support costs was £385,478 (£13,292 per flat). The major works had been budgeted to be spent from reserves.

The Executive Committee remains satisfied that the underlying financial position of the Trust is secure, and that it is well placed to maintain the present level of service and to plan for the future.

### **Review of business**

The Trust's income for the period under review, excluding the sale of property, increased from £566,418 to £680,679. The main reasons for this were increases in investment income due to rising interest rates, an increase in residents' weekly maintenance contribution income because of filling empty flats more quickly, an inflationary increase in these contributions, and a legacy received being higher than expected. Expenditure has increased from £773,989 to £822,445. This was primarily because of very large increases in utility costs and partly due to increasing staff costs. The profit on sale of property was £26,322,760.

## **FINANCIAL REVIEW** (continued)

### **Review of business** (continued)

There was a surplus of income over expenditure for the year of £26,180,994 (2022 – surplus of expenditure over income of £207,571). Losses on investments and actuarial gains resulted in a net increase in funds of £26,003,688 (2022 – decrease of £128,320).

At 31 March 2023, the Trust's total reserves amounted to £39,648,184 (2022 - £13,644,496). Of this, £15,203,045 (2022 - £1,233,240) related to special trust funds, which consist of investments and proceeds of sale of property endowed to the unincorporated charity. These proceeds of sale will be reinvested in new property which will be endowed to the unincorporated charity. The restricted capital grant fund was reduced to £nil (2022 - £760,139) as a result of the sale of the property. The purposes of these funds are described in more detail on page 37.

Unrestricted reserves have increased from £11,699,942 to £24,445,139. It remains the Trust's policy in due course to invest a very large part of its reserves in new housing for a greater number of beneficiaries.

### **Reserves policy**

The Sheppard Trust holds reserves for three main purposes:

- ◆ To cover fluctuations in working capital, and to cover expenditure in the event of unexpected circumstances such as an unforeseen drop in investment income or vacancies in the accommodation;
- ◆ To ensure funds are available when needed for major property repairs above and beyond the normal annual expenses of maintenance; and
- ◆ To spend, over the next three years, on expanding the charity's activities by providing new, modern accommodation for a much greater number of beneficiaries.

Once a beneficiary has been accepted, the Trust aims to support and enable her to stay in her home in the Trust's property for as long as possible, and it therefore has a long term commitment to maintain its properties to a suitable standard and to support its beneficiaries.

The Executive Committee has concluded that a suitable level of ongoing free reserves for the first two purposes is c.£2.7m, taking into account their plans for a new property housing twice as many beneficiaries, and the preliminary operating budgets.

The Executive Committee intend to spend the reserves in excess of this on the proposed new accommodation, using any additional funds available to improve the facilities available to the residents or to increase the number of residential units available for beneficiaries. Currently reserves are already being used to fund the development of the scheme.

## **FINANCIAL REVIEW** (continued)

### **Reserves policy** (continued)

As at 31 March 2023 the general reserves stood at £24.4m. The trustees therefore consider that £2.7m of this should be held as ongoing reserves and the remainder of £21.7m is available to be spent on this exciting project, as well as the proceeds of sale of property held in the special trust funds. The trustees are keeping the levels of reserves under review as the project progresses.

The trustees invest the ongoing reserves in order to contribute to the Trust's income and aim to match the liquidity of the investments to the predicted needs for cash. Reserves intended to be spent on the proposed new accommodation were liquidated in 2018 and 2019 and are now held as cash or cash equivalents to reduce the risk of fluctuations in value.

### **Going concern**

The Trust has relatively stable sources of income and a high level of capital and reserves and its main source of income has not been materially disrupted by external factors. Whilst economic uncertainty and inflationary pressures do affect the Trust, increased interest rates and maintenance charges mitigate this. The Executive Committee are wholly confident that the Trust has adequate resources to continue in existence for the foreseeable future, being a period of at least twelve months after the date on which the report and financial statements are signed. For this reason it continues to adopt the going concern basis in the financial statements.

### **Investment policy**

The general objectives of the Trust's Investment Policy are to produce a reasonable level of income to help the Trust meet its commitments, and for the capital to grow over time at least in line with inflation.

The objectives are to be achieved by investing prudently and cautiously in a broad range of fixed interest securities and equities which are quoted by a recognised Investment Exchange, in Common Investment Funds and in unit trusts and open-ended investment companies which are authorised under the Financial Services and Markets Act 2000. Investments in derivatives are not permitted except with the written permission of the Executive Committee.

There are no ethical or geographical restrictions with regard to investment, but the Trust has confirmed with its investment managers that they should have regard to socially responsible investment issues when managing its portfolio.

The Trust has appointed Investec Wealth and Investment Ltd., who have confirmed that they are an authorised person within the meaning of the Financial Services and Markets Act 2000, as investment managers with delegated discretionary powers of investment. Investec reports on performance quarterly.

### FINANCIAL REVIEW (continued)

The portfolio is measured against a customised benchmark comprising: 15% Govt Bond Index, 35% FTSE All Share, 40% FTSE World ex UK, 5% IPD Index, 3% alternative assets and 2% prevailing cash rates. The Trust's investment policy requires its investment managers to outperform the agreed benchmark by 1% p.a. over a rolling three year period. Over the 12 month period the portfolio underperformed the benchmark by 2.6% and over a three year period the portfolio underperformed the benchmark by 1.6%. The three year performance is still distorted by changes in investment strategy in 2019 in order to prioritise liquidity ready for future investment in new accommodation. The trustees are satisfied that the performance is on track after taking these factors into account.

### Principal funding sources

The Trust's total income, excluding the property sale, for the year ending 31 March 2023 was:

	2023 £	%	2022 £	%
Income from residents' maintenance contributions	480,747	71%	459,070	81%
Investment income	160,118	23%	95,741	17%
Donations and legacies	39,814	6%	11,607	2%
	<b>680,679</b>	<b>100%</b>	<b>566,418</b>	<b>100%</b>

### Fundraising

The Trust is very grateful to the donors who supported our work during the year. They enabled us to provide additional support and services to our residents that might not otherwise be possible. The Trust is also grateful to those who support our work with a legacy. Legacy income is helping us to fund our future plans to help more beneficiaries in modern accommodation.

Donations (other than legacies) form a very small proportion of the Trust's income (under 1.5%). There is a small group of regular donors giving either annually or more frequently. The main fundraising methods are writing annually to our supporters about our work, and placing legacy advertising in suitable journals. The Trust does not use any professional fundraisers or commercial participators. As the Trust is small and fundraising is a minor part of its activity, it has not yet signed up to any voluntary fundraising schemes or standards. The Trustees are not aware of any external fundraising carried out on the Trust's behalf nor have they encouraged any.

No complaints were received about the Trust's fundraising activity during the year. The Trust has taken steps to protect vulnerable people and others from unreasonable activity, persistent approaches or undue pressure to give. All our supporters are invited to express their contact preferences and contact is only made in accordance with these preferences. For most supporters this is a single letter and annual report once each year. We include clear contact details on all communications so that our supporters can raise any issues or change their contact preferences. We respect our supporters' decisions including a decision to stop giving, with gratitude for their past support.

## STRUCTURE, GOVERNANCE AND MANAGEMENT

The Sheppard Trust is a company limited by guarantee (Company No. 6621820) and a charity registered with the Charity Commission in England and Wales registered charity (Charity No. 1133356). It was incorporated on 17 June 2008 and its governing documents are the Memorandum and Articles of Association.

The charity has a linked subsidiary charity, also known as Sheppard Trust, governed by a scheme of 1932 as subsequently amended. The Charity Commission issued a uniting direction on 5 August 2010 to link it with the incorporated charity. The unincorporated charity remains a separate entity and subsidiary of the incorporated charity, with the trusteeship of the endowment fund being vested in the incorporated charity.

The charity owns the entire issued share capital of £1 in ST Property Company Limited, a company registered in England and Wales (Company Registration Number 09555468). The subsidiary was set up on 22 April 2015 and commenced trading on 1 April 2018. The company has been set up to carry out property development projects on behalf of the charity.

The charity's Articles of Association stipulate that the Executive Committee shall consist of not fewer than six or more than eleven trustees/directors and that at least four of the trustees/directors shall be female. New trustees/directors are appointed by resolution of the Committee. The Committee's policy, when vacancies arise, has been to review the skills available to it through its members and to recruit to fill identified gaps in knowledge or expertise.

The following members of the Executive Committee served during the period:

	Appointed/Retired
Linda Davis, Chair	
Jonathan Cole, Hon Treasurer	Resigned 28 November 2022
Martyn Carter	
Amelia Gosal	
Christina Jordan, Vice Chair	
Keith Perry, Hon Treasurer from 28 November 2022	
Melanie Saunders	
Claire Watson	
Neil White	
Agnes Woolrich	

The Executive Committee is very thankful for the work and contribution of Jonathan Cole, who resigned during the year after serving as Hon Treasurer for over 10 years.

The Executive Committee takes responsibility for all strategic decisions and monitors the Trust's performance throughout the year. The Executive Committee normally meets six times each year. It is supported by two sub-committees – Finance Committee, and Appointments and Wellbeing Committee. The Executive Committee delegates responsibility for the day-to-day operation of the Trust to the Chief Executive. A Project Control Group has been set up to support the Executive Committee with its strategic development plans.

**STRUCTURE, GOVERNANCE AND MANAGEMENT** (continued)

The Executive Committee returned to holding meetings face to face with an option for members to join by video conferencing.

The Sheppard Trust is a member of both the National Housing Federation and the National Association of Almshouses. The Trust has adopted the latter body's 'Standards of Almshouse Management, a Guide to Good Practice'.

The Trust is also a member of the National Council for Voluntary Organizations (NCVO) and the Charity Finance Group. Membership of all these bodies brings training opportunities and an awareness of developments and initiatives in other parts of the voluntary sector.

None of the Executive Committee receives any remuneration from the charity. No related party transactions were reported, other than transactions with the charity's subsidiary.

**Key management personnel**

The Executive Committee consider that they, together with the Chief Executive, are the key management personnel in charge of directing and controlling, running and operating the Trust on a day-to-day basis.

The remuneration of the Chief Executive and other staff is reviewed annually by the Finance Committee on behalf of the Executive Committee, taking into account increases in average earnings and other relevant market information.

No members of the Executive Committee were remunerated for their services to the Trust during the year.

**Risk management**

The Executive Committee is responsible for the management of risks faced by the Trust and, through its Chief Executive, ensures that appropriate systems are maintained, that new risks are identified as they arise and appropriate controls established. The Executive Committee has established a risk policy and a register of key risks which focuses on high-impact risks and which is regularly updated and presented at each meeting. By managing risk effectively, we try to ensure that:

- ◆ significant risks are known and monitored, enabling trustees to make informed decisions and take timely action;
- ◆ the charity makes the most of opportunities and develops them with the confidence that any risks will be managed;
- ◆ forward and strategic planning are improved;
- ◆ the charity's aims are achieved more successfully.

## **STRUCTURE, GOVERNANCE AND MANAGEMENT** (continued)

### **Risk management** (continued)

The systems of control operated by the Trust are designed to provide reasonable, but not absolute, assurance against material misstatement or loss. The key controls include detailed consideration by the Finance Committee of proposed budgets and regular management accounting information; agreed financial procedures defining, among other things, spending levels and which are regularly reviewed; regular review of the waiting list and resident welfare by the Appointments and Wellbeing Committee and regular review of health and safety compliance information by the Executive Committee.

The key risks currently facing the charity are

- ◆ external and internal factors preventing its future development plans being achievable at an acceptable cost or because insufficient resources are available. This includes inflationary increases in construction costs due to ongoing global economic circumstances. It also includes delays resulting in increased costs or affecting grants;
- ◆ the risks associated with maintaining the health, safety and welfare of its elderly residents, including safeguarding risks;
- ◆ the risk of loss of income or excessive expenditure.

The Executive Committee has carried out a risk assessment specifically to identify the risks associated with the Trust's development strategy. The main areas of risk include future construction costs, and government policy on revenue funding. There are also risks associated with economic uncertainty as a result of world events.

The Trust is addressing these risks by

- ◆ Scrutiny and monitoring of the development project by a designated Project Control Group so that mitigating actions can be taken, regular budget and resource reporting and development of a project governance system.
- ◆ Reviewing and enhancing its health and safety systems which include regular maintenance of all mechanical and electrical services, including particularly all fire precautions and central heating systems. Periodic fire and legionella risk assessments are undertaken. In addition, the condition of the fabric of the Trust's properties is kept under regular review and comprehensive insurances are in place. Ensuring that safeguarding policies and procedures are in place and that a safeguarding culture is developed.
- ◆ Periodic value for money exercises on specific aspects of expenditure.

The Executive Committee recognises that its systems provide reasonable, but not absolute, assurance that risks are being adequately managed, but believes that the major risks facing the Trust have been identified and that systems are in place to mitigate the effects of them.

### **STATEMENT OF THE EXECUTIVE COMMITTEE'S RESPONSIBILITIES**

The Executive Committee (whose members are also the directors of The Sheppard Trust for the purposes of company law) is responsible for preparing the Executive Committee report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Executive Committee to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group and of the income and expenditure of the group for that period.

In preparing these financial statements, the Executive Committee is required to:

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102);
- ◆ make judgements and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The Executive Committee is responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable it to ensure that the financial statements comply with the Companies Act 2006. It is also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



## Report of the Executive Committee Year to 31 March 2023

### Statement as to disclosure to our auditors

Each member of the Executive Committee confirms that:

- ◆ so far as the Committee Member is aware, there is no relevant audit information of which the charitable company's auditor is unaware; and
- ◆ the Committee Member has taken all the steps that he/she ought to have taken as a Committee member in order to make himself/herself aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

The Report of the Executive Committee has been prepared in accordance with the special provisions applicable to companies subject to the small companies' regime.

Approved by the Executive Committee and signed on its behalf by:



Linda Davis, Chair  
2 October 2023

**Independent auditor's report to the members of The Sheppard Trust**

**Opinion**

We have audited the financial statements of The Sheppard Trust (the 'charitable parent company') and its subsidiary (the 'group') for the year ended 31 March 2023 which comprise the consolidated statement of financial activities, the group and parent company balance sheets, the consolidated statement of cash flows, the principal accounting policies and the notes to the financial statements. 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 group and of the charitable parent company's affairs as at 31 March 2023 and of 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.

**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.

**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 group and charitable parent 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 and financial statements, 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.

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

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

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

- ◆ the information given in the Report of the Executive Committee for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the Report of the Executive Committee 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' 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, 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 take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

### **Responsibilities of trustees**

As explained more fully in the Executive Committees' responsibilities statement, the trustees 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:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- ◆ The engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- ◆ We identified the laws and regulations applicable to the group through discussions with key management and from our knowledge and experience of the sector in which the group operates;
- ◆ We focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the activities of the group. These included but were not limited to the Companies Act 2006, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102); and
- ◆ We assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and representatives of those charged with governance.

**Auditor's responsibilities for the audit of the financial statements** (continued)

We assessed the susceptibility of the group's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- ◆ Making enquiries of management and representatives of those charged with governance as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- ◆ Considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- ◆ Performed analytical procedures to identify any unusual or unexpected relationships;
- ◆ Tested and reviewed journal entries to identify unusual transactions;
- ◆ Performed substantive testing on expenditure including the authorisation thereof;
- ◆ Assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- ◆ Investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- ◆ Agreeing financial statement disclosures to underlying supporting documentation;
- ◆ Reading the minutes of meetings of Trustees' meetings; and
- ◆ Enquiring of management and representatives of those charged with governance as to actual and potential litigation and claims.

As a result of our procedures, we did not identify any key audit matters relating to irregularities.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Independent auditor's report** Year to 31 March 2023

**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.



22 December 2023

Edward Finch (Senior Statutory Auditor)  
For and on behalf of Buzzacott LLP, Statutory Auditor  
130 Wood Street  
London  
EC2V 6DL

**Consolidated statement of financial activities** Year to 31 March 2023  
(incorporating the income and expenditure account)

	Notes	Unrestricted funds £	Restricted funds £	Special trust funds £	Total 2023 £	Total 2022 £
<b>Income from:</b>						
Charitable activities	1	480,747	—	—	<b>480,747</b>	459,070
Investments and interest receivable	2	154,280	5,838	—	<b>160,118</b>	95,741
Donations and legacies	3	39,814	—	—	<b>39,814</b>	11,607
Profit on disposal of tangible fixed assets	8	12,315,528	—	14,007,232	<b>26,322,760</b>	—
<b>Total income</b>		<b>12,990,369</b>	<b>5,838</b>	<b>14,007,232</b>	<b>27,003,439</b>	<b>566,418</b>
<b>Expenditure on:</b>						
Charitable activities	4	752,795	24,776	19,458	<b>797,029</b>	746,447
Raising funds	5	25,416	—	—	<b>25,416</b>	27,542
<b>Total expenditure</b>		<b>778,211</b>	<b>24,776</b>	<b>19,458</b>	<b>822,445</b>	<b>773,989</b>
<b>Net income (expenditure) before (losses) gains on investment assets</b>		<b>12,212,158</b>	<b>(18,938)</b>	<b>13,987,774</b>	<b>26,180,994</b>	<b>(207,571)</b>
Net investment (losses) gains	9, 10	(164,337)	—	(17,969)	<b>(182,306)</b>	85,251
<b>Net income (expenditure) before transfers between funds</b>		<b>12,047,821</b>	<b>(18,938)</b>	<b>13,969,805</b>	<b>25,998,688</b>	<b>(122,320)</b>
Transfers between funds	14	692,376	(692,376)	—	—	—
<b>Net income (expenditure)</b>		<b>12,740,197</b>	<b>(711,314)</b>	<b>13,969,805</b>	<b>25,998,688</b>	
<b>Other recognised gains and losses</b>		—	—	—	—	—
Actuarial gains (losses)	17	5,000	—	—	<b>5,000</b>	(6,000)
<b>Net movement in funds</b>		<b>12,745,197</b>	<b>(711,314)</b>	<b>13,969,805</b>	<b>26,003,688</b>	<b>(128,320)</b>
<b>Reconciliation of funds</b>						
Fund balances at 1 April 2022		11,699,942	711,314	1,233,240	<b>13,644,496</b>	13,772,816
Fund balances at 31 March 2023		<b>24,445,139</b>	—	<b>15,203,045</b>	<b>39,648,184</b>	<b>13,644,496</b>

All the group's activities derived from continuing operations during the above two financial periods.

The group has no recognised gains or losses other than those shown above.

**Consolidated statement of financial activities** Year to 31 March 2023  
(incorporating the income and expenditure account)

**Comparative statement of financial activities – year ended 31 March 2022**

	Notes	Unrestricted funds £	Restricted funds £	Special trust funds £	Total 2022 £
<i>Income from:</i>					
Charitable activities	1	459,070	—	—	459,070
Investments and interest receivable	2	88,213	7,528	—	95,741
Donations and legacies	3	11,607	—	—	11,607
<b>Total income</b>		<b>558,890</b>	<b>7,528</b>	<b>—</b>	<b>566,418</b>
<i>Expenditure on:</i>					
Charitable activities	4	670,143	56,846	19,458	746,447
Raising funds	5	27,542	—	—	27,542
<b>Total expenditure</b>		<b>697,685</b>	<b>56,846</b>	<b>19,458</b>	<b>773,989</b>
<i>Net expenditure before gains on investment assets</i>		(138,795)	(49,318)	(19,458)	(207,571)
<i>Net investment gains</i>	9, 10	76,606	493	8,152	85,251
<b>Net income (expenditure)</b>		<b>(62,189)</b>	<b>(48,825)</b>	<b>(11,306)</b>	<b>(122,320)</b>
<i>Other recognised gains and losses</i>					
Actuarial losses	17	(6,000)	—	—	(6,000)
<b>Net movement in funds</b>		<b>(68,189)</b>	<b>(48,825)</b>	<b>(11,306)</b>	<b>(128,320)</b>
<i>Reconciliation of funds</i>					
Fund balances at 1 April 2021		11,768,131	760,139	1,244,546	13,772,816
<b>Fund balances at 31 March 2022</b>		<b>11,699,942</b>	<b>711,314</b>	<b>1,233,240</b>	<b>13,644,496</b>



	Notes	Group 2023 £	Charity 2023 £	Group 2022 £	Charity 2022 £
<b>Fixed assets</b>					
Tangible fixed assets	8	—	—	1,677,760	1,677,760
Investments	9	<b>2,444,116</b>	<b>2,444,117</b>	3,064,912	3,064,913
		<b>2,444,116</b>	<b>2,444,117</b>	<b>4,742,672</b>	<b>4,742,673</b>
<b>Current assets</b>					
Debtors	11	<b>32,748,104</b>	<b>32,961,251</b>	2,449,885	2,719,129
Investments	10	<b>1,826,499</b>	<b>1,826,499</b>	2,032,675	2,032,675
Short term deposits		<b>2,189,005</b>	<b>2,189,005</b>	1,513,158	1,513,158
Cash at bank and in hand		<b>2,626,415</b>	<b>2,621,382</b>	3,096,393	3,065,126
		<b>39,390,023</b>	<b>39,598,137</b>	<b>9,092,111</b>	<b>9,330,088</b>
<b>Creditors: amounts falling due within one year</b>	12	<b>(2,159,955)</b>	<b>(2,002,505)</b>	(148,287)	(78,272)
<b>Net current assets</b>		<b>37,230,068</b>	<b>37,595,632</b>	<b>8,943,824</b>	<b>9,251,816</b>
<b>Total assets less current liabilities</b>		<b>39,674,184</b>	<b>40,039,749</b>	<b>13,686,496</b>	<b>13,994,489</b>
<b>Provision for liabilities</b>	13	<b>(26,000)</b>	<b>(26,000)</b>	(42,000)	(42,000)
<b>Total net assets</b>		<b>39,648,184</b>	<b>40,013,749</b>	<b>13,644,496</b>	<b>13,952,489</b>
<b>The funds of the charity:</b>					
<b>Funds and reserves</b>					
Unrestricted funds					
. General fund		<b>24,445,139</b>	<b>24,810,704</b>	11,699,942	12,007,935
Restricted funds	14	—	—	711,314	711,314
Special trust funds	14	<b>15,203,045</b>	<b>15,203,045</b>	1,233,240	1,233,240
		<b>39,648,184</b>	<b>40,013,749</b>	<b>13,644,496</b>	<b>13,952,489</b>

The accounts were approved by the Executive Committee on 2 October 2023 and signed on their behalf by:



Linda Davis, Chair



D Keith Perry, Treasurer



Clare Scott Booth, Chief Executive

The Sheppard Trust, Company Limited by Guarantee  
Registration Number 6621820 (England and Wales)

## Consolidated statement of cash flows Year to 31 March 2023

	Notes	2023 £	2022 £
<b>Cash flows from operating activities:</b>			
Net cash used in operating activities	A	(553,283)	(418,742)
<b>Cash flows from investing activities:</b>			
Purchase of fixed assets		(45,633)	(68,372)
Investment income		160,118	95,741
Proceeds from the disposal of investments		775,781	1,016,788
Purchase of investments		(573,331)	(386,896)
<b>Net cash provided by (used in) investing activities</b>		<b>316,935</b>	<b>657,261</b>
<b>Change in cash and cash equivalents in the year</b>		<b>(236,348)</b>	<b>238,519</b>
<b>Cash and cash equivalents at 1 April 2022</b>		<b>5,091,554</b>	<b>4,853,035</b>
<b>Cash and cash equivalents at 31 March 2023</b>	B	<b>4,855,206</b>	<b>5,091,554</b>

### Notes to the statement of cash flows for the year to 31 March 2023.

#### A Reconciliation of net movement in funds to net cash used in operating activities

	2023 £	2022 £
<b>Net movement in funds (as per the statement of financial activities)</b>	<b>26,003,687</b>	<b>(128,320)</b>
<b>Adjustments for:</b>		
Depreciation charge	54,113	50,344
Losses (gains) on investments	182,305	(85,251)
Profit on disposal of fixed assets	(26,322,760)	—
Investment income	(160,118)	(95,741)
Increase in debtors	(349,438)	(261,781)
Increase in creditors	54,928	102,007
Decrease in provision for pension liabilities	(16,000)	—
<b>Net cash used in operating activities</b>	<b>(553,283)</b>	<b>(418,742)</b>

#### B Analysis of cash and cash equivalents

	2023 £	2022 £
Cash at bank and in hand	2,626,415	3,096,393
Short term deposits	2,189,005	1,513,158
Cash held by investment managers	39,786	482,003
<b>Total cash and cash equivalents</b>	<b>4,855,206</b>	<b>5,091,554</b>

#### C Analysis of changes in net cash (debt)

	At 31 March 2022 £	Cash flows £	At 31 March 2023 £
Cash at bank and in hand	3,096,393	(469,978)	<b>2,626,415</b>
Short term deposits	1,513,158	675,847	<b>2,189,005</b>
Cash held by investment managers	482,003	(442,217)	<b>39,786</b>
<b>Total net cash (debt)</b>	<b>5,091,554</b>	<b>(236,348)</b>	<b>4,855,206</b>

## **Principal accounting policies** Year to 31 March 2023

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the accounts are laid out below.

### **Basis of preparation**

These financial statements have been prepared for the year to 31 March 2023. The financial statements are presented in sterling and are rounded to the nearest pound.

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these financial statements.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), Companies Act 2006 and the Charities Act 2011.

The charity constitutes a public benefit entity as defined by FRS 102.

### **Basis of consolidation**

The consolidated statement of financial activities and group balance sheet consolidate each reporting line of the financial statements of The Sheppard Trust and its subsidiary company, ST Property Company Limited, made up at the balance sheet date.

No separate statement of financial activities or statement of cash flows has been presented for the charity alone, as permitted by s408 of the Companies Act 2006 and the Charities SORP FRS 102. The charity had total income in the year of £27,003,439 (2022 - £566,418), total expenditure of £764,872 (2022 - £792,700) and net investment and actuarial losses of £177,306 (2022 - £85,251 gains) resulting in a net surplus of £26,061,261 (2022 – surplus of £141,031).

### **Critical accounting estimates and areas of judgement**

Preparation of the financial statements requires the Executive Committee and management to make significant judgements and estimates.

The items in the financial statements where these judgements and estimates have been made include:

- ◆ valuation of listed investments using published market prices as a best indicator of fair value;
- ◆ assessment of a discount rate to consider whether the discounting of future cash flows, including the proceeds from the disposal of tangible fixed assets, is material;
- ◆ estimating the useful economic life of tangible fixed assets for the purposes of calculating depreciation;

**Critical accounting estimates and areas of judgement** (continued)

- ◆ the allocation of the profit on disposal of tangible fixed assets between unrestricted, restricted and special trust funds;
- ◆ professional fees in connection with the development work have been treated as a prepayment on the basis that future economic benefits will be realised from these costs. Further details are included under future plans within the report of the Executive Committee; and
- ◆ assessing the probability of receipt and estimating the amount receivable in respect of legacies of which the charity has been notified, particularly where the estate is slow moving.

**Assessment of going concern**

The Executive Committee has assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The Executive Committee has made this assessment in respect to a period of one year from the date of approval of these financial statements.

The Executive Committee of the charity has concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The main form of financial risk faced by the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors. The Executive Committee is of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due.

**Income recognition**

Income is recognised in the period in which the charity has entitlement to the income, the amount of income can be measured reliably and it is probable that the income will be received.

Income comprises donations, legacies, investment income and residents' maintenance contributions.

Donations received are recognised when the charity has confirmation of both the amount and settlement date. In the event of donations pledged but not received, the amount is accrued for where the receipt is considered probable. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

Legacies are included in the statement of financial activities when the charity is entitled to the legacy, the executors have established that there are sufficient surplus assets in the estate to pay the legacy, and any conditions attached to the legacy are within the control of the charity.

**Income recognition** (continued)

Entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, but the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material. In the event that the gift is in the form of an asset other than cash or a financial asset traded on a recognised stock exchange, recognition is subject to the value of the gift being reliably measurable with a degree of reasonable accuracy and the title of the asset having being transferred to the charity.

Dividends are recognised once the dividend has been declared and notification has been received of the dividend due. Dividend income is apportioned between funds in the ratio of the market value of the separate funds at the beginning of the accounting period.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

Income from residents' maintenance contributions is credited on an accruals basis.

**Expenditure recognition**

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to make a payment to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis. Expenditure comprises direct costs and support costs. All expenses, including support costs, are allocated or apportioned to the applicable expenditure headings. The classification between activities is as follows:

- ◆ Expenditure on raising funds includes all expenditure associated with raising funds for the charity. This includes investment management fees, staff costs associated with fundraising, and an allocation of support costs.
- ◆ Expenditure on charitable activities includes all costs associated with furthering the charitable purposes of the charity through the provision of its charitable activities. Such costs include property expenditure, social expenditure and grants to residents.

The charity makes grants to self-funded residents to support the payment of weekly maintenance contributions. These grants are recognised in full in the year they are awarded, unless the recipient has to fulfil performance conditions before the grant is released.

All expenditure is stated inclusive of irrecoverable VAT.

### **Allocation of support and governance costs**

Support costs represent indirect charitable expenditure. In order to carry out the primary purposes of the charity it is necessary to provide support in the form of personnel development, financial procedures, provision of office services and equipment and a suitable working environment.

Governance costs comprise the costs involving the public accountability of the charity (including audit costs) and costs in respect to its compliance with regulation and good practice.

Support costs and governance costs are apportioned on the basis of staff time.

### **Tangible fixed assets**

The cost of the freehold property was split between the land and buildings elements in 2000 using the Property Market Report Matrix. Land is not depreciated but buildings are depreciated on a straight line basis over their estimated useful life, assessed as 50 years. Improvements to the freehold property are depreciated on a reducing balance basis at a rate of 6.67%.

Expenditure on furniture, computer equipment, fixtures and fittings is written off in the year in which it is incurred except in the case of amounts of a non-recurring nature in excess of £10,000. These are capitalised and depreciated on a straight-line basis over four years.

### **Listed investments**

Listed investments held as non-current assets and current asset investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price.

Realised gains or losses on investment assets are calculated as the difference between disposal proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains or losses are calculated as the difference between the fair value at the year end and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Realised and unrealised investment gains (or losses) are combined in the statement of financial activities and are credited (or debited) in the year in which they arise.

Gains or losses are apportioned between funds in the ratio of the market value of separate funds at the beginning of the accounting period.

The Trustees monitor the underlying risks to which the investments are exposed by regular meetings and reviews with the investment managers. The risks to which the investments are exposed include market and credit risk. The exposure to market risk is mitigated by the Trust investing in a diverse portfolio of investments across various markets. Current asset investments are exposed to credit risk by this pooled fund being invested in short dated bonds and near cash investments. The risk is mitigated by the pooled fund being actively managed by the fund manager.

**Debtors**

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

**Cash at bank and in hand**

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition. Deposits for more than three months but less than one year have been disclosed as short term deposits. Cash placed on deposit for more than one year is disclosed as a fixed asset investment.

**Creditors and provisions**

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

**Subsidiary undertaking**

The charity owns the entire issued share capital of £1 in ST Property Company Limited, a company registered in England and Wales (Company Registration Number 09555468). The subsidiary was set up on 22 April 2015.

The company was active from 1 April 2018. Results have been consolidated on a line by line basis.

**Fund accounting**

Restricted funds comprise monies raised for, or their use restricted to, a specific purpose, or contributions subject to donor imposed conditions.

Unrestricted funds represent those monies which are freely available for application towards achieving any charitable purpose that falls within the Trust's charitable objects.

Designated funds comprise monies set aside out of unrestricted funds for specific future purposes or projects.

Special trust funds comprise monies for which the charity has responsibility in trustee capacity. Income from the endowment fund can be used for general purposes and is credited directly to unrestricted reserves, unless under the terms of the endowment such income must be used for specific purposes in which case it is credited to restricted funds.

**Pension contributions**

The Trust participates in The Social Housing Pension Scheme (SHPS), a multi-employer pension plan which is funded and contracted out of the state scheme. Pension liabilities in respect of the defined benefits section of the Scheme are measured using the projected unit actuarial method and are discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. Any increase in the present value of the liabilities within the charity's defined benefit scheme expected to arise from employee service in the period is allocated to the respective expense category within the statement of financial activities. Actuarial gains and losses are recognised in the statement of financial activities as other recognised gains or losses.

Additional disclosures in relation to the pension plan are given in note 17.

Pension costs in respect of the defined contribution section of the plan are recognised when payable on an accruals basis.

**Share capital**

The company is limited by guarantee and has no share capital. Each member of the company guarantees to subscribe such amount as may be required for the purposes of the company, not exceeding £1 sterling.



# 1 Income from charitable activities

	Unrestricted funds	
	2023 £	2022 £
Residents' maintenance contributions	<b>480,747</b>	459,070

# 2 Income from investments

	Unrestricted funds £	Restricted funds £	Total 2023 £
UK listed investments			
. Equities and unit trusts	41,734	5,838	<b>47,572</b>
. Fixed interest	6,910	—	<b>6,910</b>
. Charities Property Fund	4,747	—	<b>4,747</b>
Bank interest	100,889	—	<b>100,889</b>
<b>2023 Total funds</b>	<b>154,280</b>	<b>5,838</b>	<b>160,118</b>

	Unrestricted funds £	Restricted funds £	Total 2022 £
UK listed investments			
. Equities and unit trusts	41,103	7,528	48,631
. Fixed interest	20,544	—	20,544
. Charities Property Fund	5,058	—	5,058
Bank interest	21,508	—	21,508
<b>2022 Total funds</b>	<b>88,213</b>	<b>7,528</b>	<b>95,741</b>

# 3 Donations and legacies

	Unrestricted funds	
	2023 £	2022 £
Donations	<b>2,762</b>	7,146
Legacies	<b>37,052</b>	4,461
	<b>39,814</b>	11,607

#### 4 Expenditure on charitable activities

	Direct costs £	Support costs (note 6) £	Total 2023 £
Property expenditure:			
. Service costs	173,464	109,543	<b>283,007</b>
. Repairs	236,272	149,206	<b>385,478</b>
. Property depreciation	54,113	—	<b>54,113</b>
. Professional and consultancy fees	31,557	—	<b>31,557</b>
	<b>495,406</b>	<b>258,749</b>	<b>754,155</b>
Governance	—	20,831	<b>20,831</b>
Social expenditure	8,665	—	<b>8,665</b>
Grants to residents	13,378	—	<b>13,378</b>
	<b>517,449</b>	<b>279,580</b>	<b>797,029</b>

	<i>i</i> Direct costs £	Support costs (note 6) £	Total 2022 £
Property expenditure:			
. Service costs	134,071	81,103	215,174
. Repairs	263,815	159,589	423,404
. Property depreciation	50,344	—	50,344
. Professional and consultancy fees	19,173	—	19,173
	<b>467,403</b>	<b>240,692</b>	<b>708,095</b>
Governance	—	19,037	19,037
Social expenditure	2,609	—	2,609
Grants to residents	16,706	—	16,706
	<b>486,718</b>	<b>259,729</b>	<b>746,447</b>

#### 5 Costs of raising funds

	Unrestricted funds	
	2023 £	2022 £
Investment management fees	<b>18,253</b>	19,949
Advertising costs	<b>7,163</b>	7,593
	<b>25,416</b>	27,542

## 6 Support costs

	2023 £	2022 £
Staff costs	192,607	180,090
Professional fees	24,133	23,372
General office costs	41,009	36,230
Pension interest costs	1,000	1,000
Governance costs		
. Auditor's remuneration	18,150	16,440
. Accounts preparation fees	2,681	2,597
	<b>279,580</b>	<b>259,729</b>

## 7 Staff costs

### a) Executive Committee members and employees

	Total 2023 £	Total 2022 £
<b>Committee expenses</b>		
Travel expenses for 3 Committee members (2022 - one)	678	62
<b>Staff costs</b>		
Salaries	212,951	199,177
Social security costs	19,452	22,605
Pension costs	19,272	19,678
	<b>251,675</b>	<b>241,460</b>

Staff costs have been allocated as follows:

	Total 2023 £	Total 2022 £
Charitable activities	59,068	61,370
Support costs	192,607	180,090
	<b>251,675</b>	<b>241,460</b>

### b) Number of employees

The average number of employees expressed as full time equivalents was as follows:

	2023 No.	2022 No.
Management staff	3	3
Cleaners	1	1
	<b>4</b>	<b>4</b>

### d) Higher paid employees

The number of employees earning over £60,000 in the year was as follows:

	2023 No.	2022 No.
£90,001 - £100,000	—	1
£100,001- £110,000	1	—

## 7 Staff costs (continued)

### d) Key management personnel

The key management personnel of the charity in charge of directing and controlling, running and operating the charity on a day to day basis comprise the Executive Committee and the Chief Executive. The total cost of employment (including taxable benefits, employer's pension contributions and employer's national insurance contributions) of the key management personnel for the year was £125,845 (2022 - £114,379).

## 8 Tangible fixed assets

Group and charity	Freehold property £	Improvements to freehold property £	2023 £
<b>Cost</b>			
At 1 April 2022	2,330,204	483,559	<b>2,813,763</b>
Disposals	(2,330,204)	(483,559)	<b>(2,813,763)</b>
At 31 March 2023	—	—	—
<b>Depreciation</b>			
At 1 April 2022	888,080	247,923	<b>1,136,003</b>
Charge for year	38,396	15,717	<b>54,113</b>
Disposals	(926,476)	(263,640)	<b>(1,190,116)</b>
At 31 March 2023	—	—	—
<b>Net book values</b>			
At 31 March 2023	—	—	—
At 31 March 2022	1,442,124	235,636	<b>1,677,760</b>

On 31 March 2023 the entire freehold property, including improvements, was sold for proceeds of £30m.

The profit on sale arises from:

	Total 2023 £
Sales proceeds	<b>30,000,000</b>
Costs of sale	<b>(735,545)</b>
Net book value of property	<b>(1,623,647)</b>
Grant becoming repayable (note 20)	<b>(1,318,048)</b>
<b>Net profit on disposal as per statement of financial activities</b>	<b>26,322,760</b>

## 9 Investments

### a) Listed investments

	2023 £	2022 £
<b>Group and charity</b>		
At 1 April 2022	<b>2,582,909</b>	3,123,113
Purchases at cost	<b>540,829</b>	383,430
Disposal proceeds	<b>(525,781)</b>	(1,016,788)
(Decrease) increase in market value	<b>(193,627)</b>	93,154
<b>Market value as at 31 March 2023</b>	<b>2,404,330</b>	2,582,909
Cash on deposit and dealing account	<b>39,786</b>	482,003
<b>Total investments as at 31 March 2023</b>	<b>2,444,116</b>	3,064,912
Analysis by type – UK listed investments		
. Equities and unit trusts	<b>2,055,654</b>	2,084,724
. Fixed interest	<b>203,749</b>	195,848
. Charities Property Fund	<b>104,767</b>	122,252
. Alternative assets	<b>40,160</b>	180,085
	<b>2,404,330</b>	2,582,909
Cash on deposit and dealing account	<b>39,786</b>	482,003
	<b>2,444,116</b>	3,064,912
Historical cost of the above	<b>1,828,590</b>	1,702,069

As at 31 March 2023, no individual investment holding represented a material amount of the total portfolio valuation. The largest single holding represented 9% of the total portfolio.

### b) Investment in subsidiary undertaking

The charity owns the entire issued share capital of £1 in ST Property Company Limited, a company registered in England and Wales (Company Registration Number 09555468). The subsidiary was set up on 22 April 2015. The results of the subsidiary for the year ended 31 March 2023 are set out below.

	2023 £	2022 £
<b>Turnover</b>	—	—
Cost of sales	—	—
Operating expenses	<b>57,573</b>	55,661
<b>Operating loss</b>	<b>(57,573)</b>	(55,661)
Loss brought forward	<b>(307,994)</b>	(252,333)
<b>Retained loss</b>	<b>(365,567)</b>	(307,994)

At 31 March 2023, ST Property Company Limited had retained losses of £365,567 (2022 - £307,994) and called up share capital of £1 (2022 - £1). The results and balance sheet figures have been consolidated on a line by line basis within the accounts of the Sheppard Trust.

## 10 Current asset investments

<b>Group and charity</b>	<b>2023 £</b>	<b>2022 £</b>
At 1 April 2022	<b>2,032,675</b>	2,037,112
Withdrawal	<b>(250,000)</b>	—
Interest re-invested	<b>32,502</b>	3,466
Increase (decrease) in market value	<b>11,322</b>	(7,903)
<b>Market value at 31 March 2023</b>	<b>1,826,499</b>	2,032,675
Analysis by type – UK listed investments		
. Equities and unit trusts	<b>1,826,499</b>	2,032,675
Historical cost of the above	<b>1,669,951</b>	1,919,591

As at 31 March 2023, all current asset investments were invested in the Royal London Short Term Fixed Income Fund Y Inc.

## 11 Debtors

	<b>Group 2023 £</b>	<b>Charity 2023 £</b>	<b>Group 2022 £</b>	<b>Charity 2022 £</b>
Legacies receivable	<b>115,945</b>	<b>115,945</b>	217,358	217,358
Residents' maintenance contributions	<b>12,492</b>	<b>12,492</b>	10,024	10,024
Gift aid receivable	<b>3,289</b>	<b>3,289</b>	3,002	3,002
VAT recoverable	<b>33,665</b>	—	20,026	—
Prepayments – operational	<b>58,772</b>	<b>58,772</b>	57,748	57,748
Prepayments – development costs	<b>2,570,884</b>	<b>500,000</b>	2,133,492	500,000
Due from subsidiary undertaking	—	<b>2,317,696</b>	—	1,922,762
Other debtors and interest receivable	<b>8,262</b>	<b>8,262</b>	8,235	8,235
Amounts due from sale of property				
- due in less than one year	<b>26,044,795</b>	<b>26,044,795</b>	—	—
- due in more than one year	<b>3,900,000</b>	<b>3,900,000</b>	—	—
	<b>32,748,104</b>	<b>32,961,251</b>	2,449,885	2,719,129

## 12 Creditors: amounts falling due within one year

	<b>Group 2023 £</b>	<b>Charity 2023 £</b>	<b>Group 2022 £</b>	<b>Charity 2022 £</b>
Social security and taxation	<b>6,320</b>	<b>6,320</b>	5,087	5,087
Accruals	<b>835,587</b>	<b>678,137</b>	143,200	73,185
Social housing grant repayable	<b>1,318,048</b>	<b>1,318,048</b>	—	—
	<b>2,159,955</b>	<b>2,002,505</b>	148,287	78,272

## 13 Provision for liabilities

<b>Group and charity</b>	<b>2023 £</b>	<b>2022 £</b>
Pension deficit liabilities (note 17)	<b>26,000</b>	42,000

**14 Restricted and Special trust funds**

<b>Group and charity</b>	<b>At 1 April 2022 £</b>	<b>Income £</b>	<b>Expenditure £</b>	<b>Gains, losses and transfers £</b>	<b>As at 31 March 2023 £</b>
<b>Restricted funds</b>					
Capital grant fund	711,314	—	(18,938)	(692,376)	—
Maintenance fund	—	5,838	(5,838)	—	—
	<u>711,314</u>	<u>5,838</u>	<u>(24,776)</u>	<u>(692,376)</u>	<u>—</u>
<b>Special trust funds</b>					
Endowment fund	1,232,240	14,007,232	(19,458)	(17,969)	<b>15,202,045</b>
Restricted fund	1,000	—	—	—	<b>1,000</b>
	<u>1,233,240</u>	<u>14,007,232</u>	<u>(19,458)</u>	<u>(17,969)</u>	<u><b>15,203,045</b></u>

**Restricted funds**

The Capital Grant Fund represented the unamortized portion of the Social Housing Grant received towards the cost of land and buildings. On the sale of the property on 31 March 2023, the Social Housing Grant was no longer vested in the property and this fund was transferred to unrestricted funds. The Maintenance Fund may only be used for the maintenance of the Trust's property.

**Special trust funds**

The Special Trust Funds are assets including investments endowed to the unincorporated charity which cannot be fully transferred. Assets which derive from the sale of properties previously held in the Special Trust Funds are retained in those funds to be spent on the purchase of future replacement property. Properties were depreciated as per the accounting policy on page 25 and any income earned on the investments may only be used on the maintenance of the Trust's properties.

**Allocation between funds**

Repairs are allocated firstly against the income of the Maintenance Fund which is originally generated from the Endowment and Maintenance Fund. Any excess expenditure is then allocated to the Extraordinary Repairs Fund before being spent from unrestricted funds. Investment income and the valuation adjustment are apportioned between funds in the ratio of the market value of the separate funds at the beginning of the accounting period.

<b>Group and charity</b>	<b>At 1 April 2021 £</b>	<b>Income £</b>	<b>Expenditure £</b>	<b>Gains and losses £</b>	<b>As at 31 March 2022 £</b>
<b>Restricted funds</b>					
Extraordinary repair fund	29,887	430	(30,810)	493	—
Capital grant fund	730,252	—	(18,938)	—	711,314
Maintenance fund	—	7,098	(7,098)	—	—
	<u>760,139</u>	<u>7,528</u>	<u>(56,846)</u>	<u>493</u>	<u>711,314</u>
<b>Special trust funds</b>					
Endowment fund	1,243,546	—	(19,458)	8,152	1,232,240
Restricted fund	1,000	—	—	—	1,000
	<u>1,244,546</u>	<u>—</u>	<u>(19,458)</u>	<u>8,152</u>	<u>1,233,240</u>

## 15 Net assets between funds

Fund balances at 31 March 2023 are represented by:

Group	Unrestricted funds £	Restricted funds £	Special trust funds £	Total 2023 £
Tangible fixed assets	—	—	—	—
Investments	1,959,655	—	484,461	2,444,116
Net current assets	22,511,484	—	14,718,584	37,230,068
Provisions	(26,000)	—	—	(26,000)
	<u>24,445,139</u>	<u>—</u>	<u>15,203,045</u>	<u>39,648,184</u>

Charity	Unrestricted funds £	Restricted funds £	Special trust funds £	Total 2023 £
Tangible fixed assets	—	—	—	—
Investments	1,959,656	—	484,461	2,444,117
Net current assets	22,877,048	—	14,718,584	37,595,632
Provisions	(26,000)	—	—	(26,000)
	<u>24,810,704</u>	<u>—</u>	<u>15,203,045</u>	<u>40,013,749</u>

Group	Unrestricted funds £	Restricted funds £	Special trust funds £	Total 2022 £
Tangible fixed assets	235,636	—	1,442,124	1,677,760
Investments	2,562,482	—	502,430	3,064,912
Net current assets	8,943,824	—	—	8,943,824
Inter-fund account (note 16)	—	711,314	(711,314)	—
Provisions	(42,000)	—	—	(42,000)
	<u>11,699,942</u>	<u>711,314</u>	<u>1,233,240</u>	<u>13,644,496</u>

Charity	Unrestricted funds £	Restricted funds £	Special trust funds £	Total 2022 £
Tangible fixed assets	235,636	—	1,442,124	1,677,760
Investments	2,562,483	—	502,430	3,064,913
Net current assets	9,251,816	—	—	9,251,816
Inter-fund account (note 16)	—	711,314	(711,314)	—
Provisions	(42,000)	—	—	(42,000)
	<u>12,007,935</u>	<u>711,314</u>	<u>1,233,240</u>	<u>13,952,489</u>

## 16 Inter-fund accounts

As at 31 March 2023, the interfund balance was £nil. The balance as at 31 March 2022 is shown below.

Group and charity	Unrestricted funds £	Restricted funds £	Special trust funds £	Total 2022 £
Amount due to Sheppard Trust (1133356)	—	711,314	(711,314)	—

This amount represented the interest in the Trust's freehold property arising from the unamortised proportion of Housing Corporation grants received for their development.



**16 Inter-fund accounts (continued)**

This portion of the property's value demonstrably did not arise from the endowments of the charity and was therefore transferred to the Incorporated Charity, represented as a debt due on the value of the property being crystallised.

On the sale of the property on 31 March 2023 the profit on sale was apportioned between the proportion attributable to the endowments of the charity, which continues to be held as Special Trust Funds, and the proportion funded by the Housing Corporation grants which is attributable to the Incorporated Charity.

**17 Pension Scheme**

From 1 October 2010, the Trust offers new joiners participation in the defined contribution section of the Social Housing Pension Scheme, having previously offered entry into the defined benefit section. The Trust closed the defined benefit section to new entrants at the same date.

***Social Housing Pension Scheme (Defined Contribution)***

This scheme is administered by The Pensions Trust and is a defined contribution scheme. The employer contribution rate payable by the Trust per annum is 6%.

***Social Housing Pension Scheme (Defined Benefit)***

The Trust participates in the scheme, a multi-employer scheme which provides benefits to some 500 non-associated employers. The scheme is a defined benefit scheme in the UK.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The last completed triennial valuation of the scheme for funding purposes was carried out as at 30 September 2020. This valuation revealed a deficit of £1,560m. A Recovery Plan has been put in place with the aim of removing this deficit by 31 March 2028.

The scheme is classified as a 'last-man standing arrangement'. Therefore, the Trust is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

The latest estimated employer debt on withdrawal from the scheme, being as at 30 September 2022, is £104,561 (30 September 2021 - £144,645).

For accounting purposes, a valuation of the scheme is carried out with an effective date of 30 September each year. The liability figures from this valuation are rolled forward for accounting year-ends from the following 31 March to 28 February inclusive.

**17 Pension Scheme (continued)*****Social Housing Pension Scheme (Defined Benefit) (continued)***

The latest accounting valuation was carried out with an effective date of 30 September 2022. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 March 2023 to 28 February 2024 inclusive. The liabilities are compared, at the relevant accounting date, with the company's fair share of the Scheme's total assets to calculate the company's net deficit or surplus.

***Defined benefit liability***

	<b>2023</b> £	2022 £
Fair value of plan assets	<b>110,000</b>	212,000
Present value of defined benefit obligation	<b>(136,000)</b>	(254,000)
Deficit in plan recognised	<b>(26,000)</b>	(42,000)

***Reconciliation of opening and closing balances of defined benefit obligation***

	<b>Year to 31 March 2023</b> £	Year to 31 March 2022 £
Defined benefit obligation at start of period	<b>254,000</b>	357,000
Current service cost	<b>6,000</b>	9,000
Expenses	<b>2,000</b>	2,000
Interest expense	<b>6,000</b>	7,000
Contributions by plan participants	<b>5,000</b>	3,000
Actuarial gains due to scheme experience	<b>(35,000)</b>	(98,000)
Actuarial (gains) due to changes in demographic assumptions	<b>—</b>	(5,000)
Actuarial (gains) due to changes in financial assumptions	<b>(32,000)</b>	(10,000)
Benefits paid and expenses	<b>(70,000)</b>	(11,000)
Defined benefit obligation at end of period	<b>136,000</b>	254,000

***Reconciliation of opening and closing balances of the fair value of plan assets***

	<b>Year to 31 March 2023</b> £	Year to 31 March 2022 £
Fair value of plan assets at start of period	<b>212,000</b>	315,000
Interest income	<b>5,000</b>	6,000
Experience (losses) on plan assets	<b>(62,000)</b>	(119,000)
Employer contributions	<b>20,000</b>	18,000
Member contributions	<b>5,000</b>	3,000
Benefits paid and expenses	<b>(70,000)</b>	(11,000)
Fair value of plan assets at end of period	<b>110,000</b>	212,000

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2023 was a negative return of £57,000. (2022 – positive return of £113,000).

**17 Pension Scheme (continued)*****Social Housing Pension Scheme (Defined Benefit) (continued)****Defined benefit costs recognised in the statement of financial activities*

	Year to 31 March 2023 £	Year to 31 March 2022 £
<b>Included in expenditure on charitable activities</b>		
Current service cost	6,000	9,000
Expenses	2,000	2,000
Net interest expense	1,000	1,000
<b>Total expense</b>	<b>9,000</b>	<b>12,000</b>
	Year to 31 March 2023 £	Year to 31 March 2022 £
<b>Included in other recognised gains and losses</b>		
Experience (losses) on plan assets	(62,000)	(119,000)
Experience gains arising on the plan liabilities	35,000	98,000
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation	—	5,000
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation	32,000	10,000
<b>Total gains (losses)</b>	<b>5,000</b>	<b>(6,000)</b>

**Assets**

The charity's share of assets held within the Scheme at 31 March 2023 are shown below. None of the fair values of the assets include any direct investments in the employer's own financial instruments or any property occupied by, or other assets used by, the employer.

	2023 £	2022 £
Absolute Return	1,000	8,000
Alternative Risk Premia	—	7,000
Cash	1,000	1,000
Corporate Bond Fund	—	14,000
Credit Relative Value	4,000	7,000
Currency Hedging	—	(1,000)
Distressed Opportunities	3,000	8,000
Emerging Markets Debt	1,000	6,000
Global Equity	2,000	41,000
High Yield	—	2,000
Infrastructure	13,000	15,000
Insurance-Linked Securities	3,000	5,000
Liability Driven Investment	51,000	59,000
Long Lease Property	3,000	5,000
Net Current Assets	—	1,000
Opportunistic Credit	—	1,000
Opportunistic Illiquid Credit	5,000	7,000
Private Debt	5,000	5,000
Property	5,000	6,000
Risk Sharing	8,000	7,000
Secured Income	5,000	8,000
<b>Total assets</b>	<b>110,000</b>	<b>212,000</b>

## 17 Pension Scheme (continued)

### ***Social Housing Pension Scheme (Defined Benefit) (continued)***

#### *Key assumptions*

	31 March 2023 % p.a.	31 March 2022 % p.a.
Discount rate	4.93	2.74
Inflation (RPI)	3.16	4.00
Inflation (CPI)	2.48	3.39
Salary Growth	3.48	4.39
Allowance for commutation of pension for cash at retirement	75%	75%

#### *Mortality assumptions at 31 March 2023 imply the following life expectancies*

	Life expectancy at age 65
Male retiring in 2023	21.0
Female retiring in 2023	23.4
Male retiring in 2042	22.2
Female retiring in 2042	24.9

## 18 Trustees and indemnity insurance

The Trust has taken out a Directors and Officers Management Protection policy with RSA with a total cover of £1 million for any one claim.

## 19 Capital commitments

On 29 March 2023 The Sheppard Trust and ST Property Company Ltd entered into a Supplemental agreement with the Trustees of the Royal Cambridge Home, the effect of which was to vary a previous conditional agreement and to commit the Trust to the purchase of land currently owned by the Royal Cambridge Home. The Trust intends to build its future new home on the land purchased. The capital commitment for the Sheppard Trust is to purchase the land in exchange for i) funding the construction of a new 32 bed care home for the Royal Cambridge Home, to be constructed by ST Property Company Ltd, and ii) a Fixed Land Payment of £1,775,000.

On 29 March 2023 ST Property Company Ltd entered into a contract with Red Construction Group Ltd to construct the care home described above, for the sum of £8,117,941. Construction of the home commenced in April 2023.

## 20 Contingent liability

There were no contingent liabilities as at 31 March 2023. In the prior year, a contingent liability existed in relation to the potential repayment of a Housing Corporation Social Housing Grant from the 1980s and 1990s amounting to £1.3m which would become repayable on the sale of the properties at Lansdowne Walk. Due to the sale of these properties during the year, a creditor of £1,318,048 has now been recognised.

## 21 Related party transactions

The charity owns the entire share capital in ST Property Company Limited (note 9b). During the year, the charity recharged costs of £54,934 (2022 - £53,144) to the company. At 31 March 2023, ST Property Company Limited owed the charity £2,317,696 (2022 - £1,922,762) relating to costs settled by the charity in order to support the company's cash flow needs.

Other than Executive Committee members expenses, as disclosed in note 7, there were no further related party transactions.

## 22 Operating lease commitments

At 31 March 2023 the group and charity had the following future minimum commitments in respect to non-cancellable operating leases:

	Property	
	2023 £	2022 £
Amounts due:		
Within one year	650,000	—
Due in more than one year	108,333	—
	<b>758,333</b>	<b>—</b>