

**Charity Registration No. 1137686**

**Company Registration No. 07309173 (England and Wales)**

**HOPE INTO ACTION UK**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2021**

# HOPE INTO ACTION UK

## LEGAL AND ADMINISTRATIVE INFORMATION

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<b>Trustees</b>	Mr I G Billage	(Appointed 4 February 2021)
	Mrs Y A Emery	
	Mr G Howard	
	Mr H J Kettel	
	Mrs D J Nash	
	Mr M Oldaker	
	Revd D Tidball	(Appointed 15 May 2020)
<b>Secretary</b>	Mr E R Walker	
<b>Charity number</b>	1137686	
<b>Company number</b>	07309173	
<b>Registered office</b>	26 North Street Peterborough United Kingdom PE1 2RA	
<b>Auditor</b>	Azets Audit Services Ruthlyn House 90 Lincoln Road Peterborough United Kingdom PE1 2SP	
<b>Bankers</b>	Lloyds Bank plc 65 High Street Stamford Lincolnshire United Kingdom PE9 2AT	
	The Co-operative Bank Business Customer Services P.O. Box 250 Skelmersdale Wigan United Kingdom WN8 6WT	
	CAF Bank 25 Kings Hill Avenue West Malling Kent United Kingdom ME19 4JQ	

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# HOPE INTO ACTION UK

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# HOPE INTO ACTION UK

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MARCH 2021

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The Trustees present their report and accounts for the year ended 31 March 2021.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charity's governing document, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)".

### **Objectives and activities**

The charity's objects are to relieve poverty or financial hardship in England. Hope into Action works to enable churches, using their resources and matched with others raised by Hope into Action, to provide homes and support for the vulnerable and homeless in their community.

The charity aims to use investment resources to buy houses for 2-3 tenants. Each home is linked to a local church that provides a positive community, friendship, befriending/mentoring and support. Also included is a professional Empowerment Worker who provides expertise to the tenants in benefits, tenancies, jobs, liaising with other agencies and action plans.

Each house is run in conjunction with a local church who sign a five year partnership with us committing to build long-term, holistic relationships with the tenants who were formerly homeless.

Enabling church members to outwork their passions for the marginalised in a relational manner is a core part of our mission. The Trustees have paid due regard to guidance issued by the Charity Commission in deciding what activities the charity should undertake.

### **Achievements and performance**

We entered the new financial year in the early stages of the first Corona Virus lock down. We were worried about our tenants being at risk to the disease. We had to shut out offices, cancel our conference, radically change our operations and procedures, worried about whether our finances would hold up, all housing purchasing went into the sand. Mostly, however, we were really worried about our tenants recognizing, as we did, that the poor and vulnerable tend to be over-represented in any 'disaster' or public health crisis.

### **How did we respond?**

*Offices:* We shut our offices and, like the rest of the country, worked from home.

*Tenant outreach:* We adapted all our procedures, putting the safety of our tenants and staff first. We stayed in touch via whatsapp, walks, phone calls.

We increased our prayer for the tenants, praying every day for them and began new, regional prayer meetings which are continuing to this day. I am convinced this has been a significant gain for us. Not just spiritually but in bringing the network together for psycho-social and professional support.

*House Inspections:* We asked our tenants to do inspections on whatsapp. Now they were showing us round their home and many felt more empowered through the process.

*Church relationship and Meetings:* We had to cancel our conference but we instigated monthly on-line meetings with church 'friendship and support groups'. This covers a range of topics from shame to mental health, suicide prevention etc

*Appeal:* We launched an appeal in early April. This led to a very strong response and coupled with our Christmas match-funded appeal meant we have ended the financial year with a surplus when we worried we might lose income.

# HOPE INTO ACTION UK

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

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*Call to Alms:* At the start of the pandemic we felt we should be speaking into it. We took time to discuss and pray what our messages should be. In the end we felt it should be the same as before but just more loudly and more confident. We launched a 'call to alms' campaign which we believe was successful. We were advocating on behalf of the homeless, arguing that with night shelters no longer safe, now was the time for churches to step-up and give the homeless a home. We were joined by people like: Jon Kurt who works for the rough sleepers unit in central Government and the Bishop of Kensington who was vice chair of the Archbishops Housing Commission. Over 200 people attended our call to alms zoom meetings.

Most excitingly this has lead to new franchisees: Corby and Dover have signed franchisee agreements; Rochester, Bristol, Newark have been offered and will also sign soon. Behind them: Leicester, Beverly, Canterbury, Blackburn and Ilfracombe are considering it. Additionally it has lead to interest from many churches in towns where we currently work. The fruits from that call to alms will be seen for years to come.

*Investors:* The number of pledges we have had from investors has suddenly grown. We now have a spreadsheet of our investors with over £2,000,000 pledged. It has completely changed our dynamic and offering to churches because we can say to them: 'If you want to partner with us we can probably find investors to buy the first house.' Whereas before we were saying 'If you want to partner with us we will work with you to raise the investment.' We are more agile as an organization as a result.

*House Purchasing:* Initially all house purchasing stalled and went into the sand. Viewings were not permitted. However since the initial few months we have moved much faster. We've opened 14 homes! Our capacity for tenants is now 277! Every one of them in partnership with a church.

*Staffing:* I am delighted with how the staff have responded. They have been professional, adaptive, caring. We recruited an IT and systems manager. While a few caught covid, our actual sickness levels were down on the year before.

*Mini-Grants:* We won some extraordinary funding from Homeless Link and, as such, were able to provide 'mini-grants' to our franchisees to support their growth.

*Finances:* Our expenditure increased by 6% while our growth in houses was 15%. This we hope is an example of the economies of scale which comes with our approach.

# HOPE INTO ACTION UK

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

### Growth update

	1st April 2020 (Project start)	1st April 2021	Comment
# of churches	68	71	A number of our homes are run in partnership with more than 1 church. We have agreed to include those in a review, so this number will increase over the next few months as we 're-count'
# of homes	76	87	We had 20 houses in the pipeline.
# of tenants being housed/total capacity	211/226	231/277	This shows the growth in beds, we have capacity for. Occupancy, as an overall % has dropped but has picked up into the new financial year.
# of full franchisees towns	11	12	Dover has signed an agreement, with Rochester and Bristol soon to follow.
# of full franchisees with homes open	8	10	Southampton and Bournemouth have both opened their 1st home. Southampton has gone on to open a 2nd.
# of franchise lite towns	10	13	Oakham, Ashford and Corby have signed.
# of franchise lite with homes open	10	11	House opened in Oakham. Ashford and Corby will soon open.
Total towns (including 4 line managed)	25	27	Dover and Corby have signed. Rochester, Bristol, Newark have passed assessment.
Total towns with homes open	22	25	Oakham, Bournemouth, Southampton.

### Outcomes

I am delighted to show you that, despite all the challenges, we are able to hold up strong outcomes this year.

### Strategic Review

Mark Kitson was also employed to help us think through our strategic review. We have a 2025 vision statement of getting to 200 churches by 2025, with 500 tenants and each of them loved by the church. Mark spent time with the teams, with individuals and trustees and we have now put together some key steps which will help us build the capacity to support such growth.

### Other issues

It is important to report we have had 4 difficult safeguarding issues:

- One was an accusation against a franchise lead from an ex tenant. This was investigated by an independent consultant and a report filed to the Charity Commission.
- A tenant died in one of our homes. He died of liver failure in the dignity of his own home. We completed an internal review, were confident we did all we could and reported it to the Charity Commission.
- Another tenant died of COVID, which he caught whilst in hospital for another illness. As this was in the care of our Eastbourne Franchise: Kingdom Way Trust they have dealt with the following up including organizing a funeral.
- An ex-tenant was convicted for rape. This was the first time we have ever faced such a situation. We asked Thirtyone:eight to conduct external review in response.

In all of these we have informed the Charity Commission.

# HOPE INTO ACTION UK

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

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### Financial review

The Trustees' policy with regard to reserves is to seek to maintain unrestricted funds, other than those designated from time to time for specific purposes, at a level sufficient to provide the charity with enough working capital to carry on its existing activities successfully for two to four months. This will enable the trustees to ensure continuity of activities and honour contractual liabilities.

The Trustees have noted that the current level of free reserves is within that range and if you include the restricted funds which also cover core costs the total is closer to the three month level. We have created two new designated funds of £100,000 each which are to enable us to make a part repayment on the mortgage with Kingdom Bank in July 2021 and to invest in additional property in the future. In the unfortunate event of funding levels dropping to dangerous levels then the Trustees would have to consider the sale of one of our houses or re-mortgage a property.

The net income for 2021 is £457,431 (2020: £233,844) which includes donations of various restricted funds. The main movement on restricted funds was an additional donation of £178,219 (2020: £90,000) for the building of a property. This should be excluded for a better year on year comparative as this income does not relate to core operations; the adjusted surplus for 2021 would then be £279,212 (2020: £143,844). This income has been significantly boosted by an increase in individual giving which has enabled the charity to achieve a greater balance of income from different sources, a key objective of the trustees; income from individuals was 28% (2020: 23%), housing/franchise 30% (2020: 39%) and grants 37% (2020: 38%).

Our costs ("charitable activities") have only grown by 7% which is a lower percentage than the growth in number of homes (14%).

We believe that the current COVID-19 pandemic will make the fundraising environment more challenging and also restrict the opportunity to attend Christian festivals, which was a significant factor in our 2020 income. We also expect the turbulence in the financial markets to present challenges in the grant fundraising environment.

However, Hope Into Action UK has a strong support base and this has been recently demonstrated by two very successful campaigns during the pandemic. We own several properties and continue to innovate and develop.

The Trustees have assessed the major risks to which the charity is exposed, and are satisfied that systems are in place to mitigate exposure to the major risks.

### Structure, governance and management

The charity is a company limited by guarantee and a registered charity governed by its articles and memorandum of association.

The Trustees, who are also the directors for the purpose of company law, and who served during the year and up to the date of signature of the financial statements were:

Mr I G Billage	(Appointed 4 February 2021)
Mrs Y A Emery	
Mr G Howard	
Mr H J Kettel	
Revd D J Kinder	(Resigned 15 May 2020)
Mrs D J Nash	
Mr M Oldaker	
Revd D Tidball	(Appointed 15 May 2020)

The existing Trustees have the power to appoint new trustees.

None of the Trustees has any beneficial interest in the company. All of the Trustees are members of the company and guarantee to contribute £1 in the event of a winding up.

# HOPE INTO ACTION UK

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) *FOR THE YEAR ENDED 31 MARCH 2021*

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The trustees' report was approved by the Board of Trustees.

**Mr G Howard**

Trustee

Dated: 8 July 2021



# HOPE INTO ACTION UK

## STATEMENT OF TRUSTEES' RESPONSIBILITIES

### *FOR THE YEAR ENDED 31 MARCH 2021*

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The Trustees, who are also the directors of Hope Into Action UK for the purpose of company law, are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK 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 charity will continue in operation.

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# HOPE INTO ACTION UK

## INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF HOPE INTO ACTION UK

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### Opinion

We have audited the financial statements of Hope Into Action UK (the 'charity') for the year ended 31 March 2021 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

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

### Basis for opinion

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

### Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity'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 other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

# HOPE INTO ACTION UK

## INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE TRUSTEES OF HOPE INTO ACTION UK

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### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees' report; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of Trustees**

As explained more fully in the statement of trustees' responsibilities, the Trustees, who are also the directors of the charity for the purpose of company law, are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the Trustees are responsible for assessing the charity'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**

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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.

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

# HOPE INTO ACTION UK

## INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE TRUSTEES OF HOPE INTO ACTION UK

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### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the entity through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

**Mr Mark Jackson FCA DChA (Senior Statutory Auditor)**  
**for and on behalf of Azets Audit Services**

27 July 2021

**Chartered Accountants**  
**Statutory Auditor**

Ruthlyn House  
90 Lincoln Road  
Peterborough  
United Kingdom  
PE1 2SP

Azets Audit Services is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under of section 1212 of the Companies Act 2006.

# HOPE INTO ACTION UK

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2021

		Unrestricted funds 2021 £	Designated funds 2021 £	Restricted funds 2021 £	Total 2021 £	Unrestricted funds 2020 £	Designated funds 2020 £	Restricted funds 2020 £	Total 2020 £
	Notes								
<b><u>Income from:</u></b>									
Donations and legacies	3	762,225	-	447,664	1,209,889	574,713	-	342,046	916,759
Charitable activities	4	541,144	-	-	541,144	528,832	-	-	528,832
Investments	5	9,266	-	-	9,266	9,303	-	-	9,303
<b>Total income</b>		1,312,635	-	447,664	1,760,299	1,112,848	-	342,046	1,454,894
<b><u>Expenditure on:</u></b>									
Raising funds	6	26,244	-	-	26,244	29,407	-	-	29,407
Charitable activities	7	922,318	27,510	326,796	1,276,624	838,323	22,695	330,625	1,191,643
<b>Total resources expended</b>		948,562	27,510	326,796	1,302,868	867,730	22,695	330,625	1,221,050
<b>Net incoming resources before transfers</b>		364,073	(27,510)	120,868	457,431	245,118	(22,695)	11,421	233,844

# HOPE INTO ACTION UK

## STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

**FOR THE YEAR ENDED 31 MARCH 2021**

	Unrestricted funds 2021 £	Designated funds 2021 £	Restricted funds 2021 £	Total 2021 £	Unrestricted funds 2020 £	Designated funds 2020 £	Restricted funds 2020 £	Total 2020 £
Notes								
<b>Net incoming resources before transfers</b>	364,073	(27,510)	120,868	457,431	245,118	(22,695)	11,421	233,844
Gross transfers between funds	(244,606)	369,706	(125,100)	-	(41,464)	41,464	-	-
<b>Net income/(expenditure) for the year/ Net movement in funds</b>	119,467	342,196	(4,232)	457,431	203,654	18,769	11,421	233,844
Fund balances at 1 April 2020	310,479	1,171,967	550,809	2,033,255	106,825	1,153,198	539,388	1,799,411
<b>Fund balances at 31 March 2021</b>	<u>429,946</u>	<u>1,514,163</u>	<u>546,577</u>	<u>2,490,686</u>	<u>310,479</u>	<u>1,171,967</u>	<u>550,809</u>	<u>2,033,255</u>

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

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

# HOPE INTO ACTION UK

## BALANCE SHEET

AS AT 31 MARCH 2021

	Notes	2021 £	£	2020 £	£
<b>Fixed assets</b>					
Tangible assets	11	1,781,670		1,676,288	
<b>Current assets</b>					
Stocks	12	-		12,908	
Debtors	13	93,818		35,660	
Cash at bank and in hand		1,092,353		756,366	
		<u>1,186,171</u>		<u>804,934</u>	
<b>Creditors: amounts falling due within one year</b>	15	<u>(97,395)</u>		<u>(55,998)</u>	
Net current assets		1,088,776		748,936	
<b>Total assets less current liabilities</b>		<u>2,870,446</u>		<u>2,425,224</u>	
<b>Creditors: amounts falling due after more than one year</b>	16	(379,760)		(391,969)	
<b>Net assets</b>		<u><u>2,490,686</u></u>		<u><u>2,033,255</u></u>	
<b>Income funds</b>					
<u>Restricted funds</u>					
Property		77,046		203,152	
Specific projects		460,362		339,748	
Other including core costs		<u>9,169</u>		<u>7,909</u>	
	19	546,577		550,809	
<u>Unrestricted funds - general</u>					
Designated funds	20	1,514,163		1,171,967	
Other charitable funds		<u>429,946</u>		<u>310,479</u>	
		<u><u>2,490,686</u></u>		<u><u>2,033,255</u></u>	

# HOPE INTO ACTION UK

## BALANCE SHEET (CONTINUED)

**AS AT 31 MARCH 2021**

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The company is entitled to the exemption from the audit requirement contained in section 477 of the Companies Act 2006, for the year ended 31 March 2021, although an audit has been carried out under section 144 of the Charities Act 2011.

The directors acknowledge their responsibilities for ensuring that the charity keeps accounting records which comply with section 386 of the Act and for preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its incoming resources and application of resources, including its income and expenditure, for the financial year in accordance with the requirements of sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

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

The financial statements were approved by the board of directors and authorised for issue on 8 July 2021 and are signed on its behalf by:

Mr G Howard  
**Trustee**

**Company Registration No. 07309173**



# HOPE INTO ACTION UK

## STATEMENT OF CASH FLOWS

**FOR THE YEAR ENDED 31 MARCH 2021**

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	Notes	2021 £	£	2020 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	25		472,928		196,904
<b>Investing activities</b>					
Purchase of tangible fixed assets		(133,998)		(10,063)	
Investment income received		9,266		9,303	
<b>Net cash used in investing activities</b>			(124,732)		(760)
<b>Financing activities</b>					
Repayment of bank loans		(12,209)		(11,401)	
<b>Net cash used in financing activities</b>			(12,209)		(11,401)
<b>Net increase in cash and cash equivalents</b>			335,987		184,743
Cash and cash equivalents at beginning of year			756,366		571,623
<b>Cash and cash equivalents at end of year</b>			1,092,353		756,366

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# HOPE INTO ACTION UK

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2021

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#### 1 Accounting policies

##### Charity information

Hope Into Action UK is a private company limited by guarantee incorporated in England and Wales. The registered office is 26 North Street, Peterborough, PE1 2RA, United Kingdom.

##### 1.1 Accounting convention

The financial statements have been prepared in accordance with the charity's governing document, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)". The charity is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The accounts have been prepared on the historical cost convention. The principal accounting policies adopted are set out below.

##### 1.2 Going concern

At the time of approving the financial statements, the Trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus the Trustees continue to adopt the going concern basis of accounting in preparing the financial statements. In arriving at this conclusion, the Trustees have considered the impact of the Coronavirus pandemic on the charity. The Trustees are confident that there will be limited impact on income due to the pandemic and they have taken appropriate action to mitigate costs.

##### 1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of their charitable objectives unless the funds have been designated for other purposes.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the accounts.

##### 1.4 Income

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Legacies are recognised on receipt or otherwise if the charity has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

# HOPE INTO ACTION UK

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

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### 1 Accounting policies

(Continued)

#### 1.5 Expenditure

All resources expended are accounted for gross, and in the period in which they are incurred. VAT is not recoverable by the charity and as such is included in the relevant costs in the Statement of Financial Activities.

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity.

All costs are allocated between the expenditure categories of the Statement of Financial Activities on a basis designed to reflect the use of the resource.

#### 1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings	1% p.a. straight line on buildings
Shared ownership properties	1% p.a. straight line
Equipment	33% p.a. straight line
Motor vehicles	33% p.a. straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

Shared ownership housing properties are included in fixed assets at the percentage of the charity's share in the ownership. Any payment for an increase in percentage of share is treated as an addition. Any payments received for a decrease in shares is treated similar to the sale of property.

#### 1.7 Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

#### 1.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition. Items held for distribution at no or nominal consideration are measured the lower of replacement cost and cost.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

# HOPE INTO ACTION UK

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

---

### 1 Accounting policies

(Continued)

#### 1.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.10 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Basic financial liabilities**

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

##### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

#### 1.11 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### 1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

# HOPE INTO ACTION UK

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

### 2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

### 3 Donations and legacies

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total 2021 £	Unrestricted funds 2020 £	Restricted funds 2020 £	Total 2020 £
Donations and gifts	380,381	178,219	558,600	318,490	90,000	408,490
Grants receivable for core activities	381,844	269,445	651,289	256,223	252,046	508,269
	<u>762,225</u>	<u>447,664</u>	<u>1,209,889</u>	<u>574,713</u>	<u>342,046</u>	<u>916,759</u>
<b>Donations and gifts</b>						
Donations individuals	310,505	178,219	488,724	263,544	90,000	353,544
Donations other	1,726	-	1,726	5,540	-	5,540
Churches	30,123	-	30,123	26,258	-	26,258
Gift aid reclaimed	34,395	-	34,395	23,148	-	23,148
Individuals - in memory	3,632	-	3,632	-	-	-
	<u>380,381</u>	<u>178,219</u>	<u>558,600</u>	<u>318,490</u>	<u>90,000</u>	<u>408,490</u>

# HOPE INTO ACTION UK

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

### 3 Donations and legacies

(Continued)

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total 2021 £	Unrestricted funds 2020 £	Restricted funds 2020 £	Total 2020 £
<b>Grants receivable for core activities</b>						
All Churches Trust	-	9,258	9,258	-	21,298	21,298
Andrews Charitable Trust	5,375	-	5,375	-	-	-
Big Lottery Funding	-	40,908	40,908	-	40,144	40,144
Cambridge City Council	-	-	-	-	19,766	19,766
Cambridge Community Fund	-	3,850	3,850	-	-	-
Charities Trust	-	-	-	-	18,890	18,890
Charles Hayward Foundation	-	25,000	25,000	-	18,000	18,000
Churches Together	1,000	-	1,000	-	-	-
Daughters of Jesus	-	5,000	5,000	-	-	-
Didymus Charity	-	9,200	9,200	-	9,200	9,200
Dominic Beer Trust	-	1,100	1,100	-	1,140	1,140
F G Charitable Trust	4,000	-	4,000	-	-	-
Garfield Weston Foundation	50,000	-	50,000	50,000	-	50,000
Glasspool Charity Trust	-	300	300	-	300	300
Haberdashers	3,750	-	3,750	-	-	-
Henry Smith Foundation	-	-	-	-	26,300	26,300
Homeless Link	-	80,000	80,000	-	-	-
Hope Aid Charitable Trust	10,000	-	10,000	-	-	-
Hummingbird	10,000	-	10,000	-	-	-
Jerusalem Trust	40,000	-	40,000	30,000	-	30,000
Jessie Spencer Trust	-	-	-	-	500	500
LandAid	-	6,750	6,750	-	32,500	32,500
Langho Charitable Trust	1,000	-	1,000	-	-	-
Lankelly Chase	71,545	-	71,545	51,500	-	51,500
Legal & General Group	-	3,000	3,000	-	-	-
Lloyds Foundation	-	6,470	6,470	-	2,452	2,452
MacLellan Foundation	-	45,809	45,809	49,571	-	49,571
Maurice & Hilda Laing Charitable Trust	25,000	-	25,000	-	-	-
Mirembe Charitable Trust	3,120	-	3,120	-	-	-
Norfolk Community Foundation	-	-	-	-	1,500	1,500
Nottingham Community Fund	-	1,900	1,900	-	-	-
Nottingham Community Foundation	-	1,500	1,500	-	-	-
Paul Bassham Trust	-	2,000	2,000	-	2,000	2,000
PCC COVID-19	500	-	500	-	-	-
Pears Foundation	40,000	-	40,000	30,000	-	30,000
Police & Crime Commissioner for Norfolk	4,324	-	4,324	-	-	-
Porticus Foundation	45,000	-	45,000	45,000	-	45,000
The Big Give	12,500	-	12,500	-	1,000	1,000
	327,114	242,045	569,159	256,071	194,990	451,061

# HOPE INTO ACTION UK

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

### 3 Donations and legacies

(Continued)

	Unrestricted funds general	Restricted funds	Total	Unrestricted funds general	Restricted funds	Total
	2021	2021	2021	2020	2020	2020
	£	£	£	£	£	£
<b>Grants receivable for core activities continued</b>						
The Ebyon Trust	-	1,500	1,500	-	2,166	2,166
The Mercers' Company	37,230	-	37,230	-	-	-
The Morrisons Foundation	-	900	900	-	-	-
The Orr Mackintosh Foundation	1,000	-	1,000	-	-	-
The Screwfix Foundation	5,000	-	5,000	-	-	-
Tudor Trust	1,500	22,000	23,500	-	20,000	20,000
Vardy Foundation	10,000	3,000	13,000	-	-	-
Other	-	-	-	152	11,000	11,152
	<u>381,844</u>	<u>269,445</u>	<u>651,289</u>	<u>256,223</u>	<u>252,046</u>	<u>508,269</u>

### 4 Charitable activities

	2021 £	2020 £
Book sales	3,212	80
Provision of housing	510,650	497,915
Franchise income	27,282	30,837
	<u>541,144</u>	<u>528,832</u>

### 5 Investments

	2021 £	2020 £
Rental income	8,954	8,615
Interest receivable	312	688
	<u>9,266</u>	<u>9,303</u>

# HOPE INTO ACTION UK

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

### 6 Raising funds

	2021	2020
	£	£
<u>Fundraising and publicity</u>		
Costs of generating donations and legacies	26,244	29,407
	<u>26,244</u>	<u>29,407</u>

### 7 Charitable activities

	2021	2020
	£	£
Staff costs	737,165	638,545
Depreciation and impairment	28,616	23,801
House rental and running costs	208,404	197,179
House maintenance and equipment	13,575	15,638
Franchising expenses	48,025	44,065
Volunteer expenses	5,657	10,971
Client support	5,413	4,377
Property refurbishment	90,971	94,513
General rates	5,312	6,541
Norwich support costs	3,932	6,713
Nottingham support costs	6,156	6,694
Bad debt provision	13,956	48,632
Peterborough support costs	1,942	2,828
Cambridge support costs	5,747	9,147
Books	2,435	1,079
	<u>1,177,306</u>	<u>1,110,723</u>
Share of support costs (see note 8)	96,294	78,400
Share of governance costs (see note 8)	3,024	2,520
	<u>1,276,624</u>	<u>1,191,643</u>
<b>Analysis by fund</b>		
Unrestricted funds - general	922,318	838,323
Designated funds	27,510	22,695
Restricted funds	326,796	330,625
	<u>1,276,624</u>	<u>1,191,643</u>



# HOPE INTO ACTION UK

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

### 8 Support costs

	Support costs £	Governance costs £	2021 £	Support costs £	Governance costs £	2020 £
Property costs	1,674	-	1,674	314	-	314
Loan interest	7,804	-	7,804	6,005	-	6,005
Marketing	897	-	897	1,308	-	1,308
Franchising expenses	3,227	-	3,227	714	-	714
Light and heat	1,072	-	1,072	2,544	-	2,544
Travel and subsistence	3,817	-	3,817	7,892	-	7,892
Printing, postage and stationery	3,279	-	3,279	2,899	-	2,899
Telephone and fax	10,713	-	10,713	10,258	-	10,258
Computer and software	37,782	-	37,782	31,436	-	31,436
Insurance	7,057	-	7,057	3,698	-	3,698
Refreshments	45	-	45	638	-	638
Sundry expenses	4,073	-	4,073	930	-	930
Legal fees	13,482	-	13,482	7,894	-	7,894
Accountancy fees	1,372	-	1,372	1,870	-	1,870
Audit fees	-	3,024	3,024	-	2,520	2,520
	<u>96,294</u>	<u>3,024</u>	<u>99,318</u>	<u>78,400</u>	<u>2,520</u>	<u>80,920</u>
Analysed between						
Charitable activities	<u>96,294</u>	<u>3,024</u>	<u>99,318</u>	<u>78,400</u>	<u>2,520</u>	<u>80,920</u>

Governance costs includes payments to the auditors of £3,024 (2020- £2,520) for audit fees.

### 9 Trustees

None of the Trustees (or any persons connected with them) received any remuneration during the year, but 1 (2020 - 1) of them was reimbursed a total of £78 for travelling expenses (2020- £132).

# HOPE INTO ACTION UK

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

### 10 Employees

#### Number of employees

The average monthly number of employees during the year was:

	2021 Number	2020 Number
Average number of employees	38	33

#### Employment costs

	2021 £	2020 £
Wages and salaries	651,986	568,950
Social security costs	36,058	28,838
Other pension costs	49,121	40,757
	737,165	638,545

The average full time equivalent number of employees during the year was 26 (2020 - 23).

There were no employees whose annual remuneration was £60,000 or more.

### 11 Tangible fixed assets

	Land and buildings £	Shared ownership properties £	Equipment £	Motor vehicles £	Total £
<b>Cost</b>					
At 1 April 2020	1,771,866	-	47,115	3,750	1,822,731
Additions	100,000	20,000	13,998	-	133,998
At 31 March 2021	1,871,866	20,000	61,113	3,750	1,956,729
<b>Depreciation and impairment</b>					
At 1 April 2020	102,875	-	39,818	3,750	146,443
Depreciation charged in the year	18,726	200	9,690	-	28,616
At 31 March 2021	121,601	200	49,508	3,750	175,059
<b>Carrying amount</b>					
At 31 March 2021	1,750,265	19,800	11,605	-	1,781,670
At 31 March 2020	1,668,991	-	7,297	-	1,676,288

The long-term loans are secured by fixed charges over five of the properties owned by the charity.

# HOPE INTO ACTION UK

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

### 12 Stocks

	2021 £	2020 £
Finished goods and goods for resale	-	12,908

### 13 Debtors

	2021 £	2020 £
<b>Amounts falling due within one year:</b>		
Tenant and franchise debt	22,650	16,836
Other debtors	66,833	14,087
Prepayments and accrued income	4,335	4,737
	<u>93,818</u>	<u>35,660</u>

### 14 Loans and overdrafts

	2021 £	2020 £
Bank loans	<u>390,460</u>	<u>402,669</u>
Payable within one year	10,700	10,700
Payable after one year	<u>379,760</u>	<u>391,969</u>

The long-term loans are secured by fixed charges over five of the properties owned by the charity.

### 15 Creditors: amounts falling due within one year

	Notes	2021 £	2020 £
Bank loans	14	10,700	10,700
Other taxation and social security		12,353	8,830
Deferred income	17	19,188	-
Trade creditors		26,251	30,061
Other creditors		9,375	3,889
Accruals		19,528	2,518
		<u>97,395</u>	<u>55,998</u>

### 16 Creditors: amounts falling due after more than one year

	Notes	2021 £	2020 £
Bank loans	14	<u>379,760</u>	<u>391,969</u>

# HOPE INTO ACTION UK

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

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### 17 Deferred income

	2021 £	2020 £
Other deferred income	19,188	-

### 18 Retirement benefit schemes

#### Defined contribution schemes

The charity operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the charity in an independently administered fund.

The charge to profit and loss in respect of defined contribution schemes was £49,121 (2020 - £40,757).

# HOPE INTO ACTION UK

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2021

#### 19 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	Movement in funds				
	Balance at 1 April 2020	Incoming resources	Resources expended	Transfers	Balance at 31 March 2021
	£	£	£	£	£
<b>Special Projects</b>					
All Churches Trust	26,232	9,258	(35,490)	-	-
Didymus Trust	3,419	9,200	(12,619)	-	-
Dominic Beer Trust	-	1,100	(1,100)	-	-
Glasspool Charity Trust	-	300	(300)	-	-
Henry Smith	10,184	-	(10,184)	-	-
LandAid	-	6,750	(6,750)	-	-
Lloyds Bank Foundation	14,413	6,470	(20,883)	-	-
The Ebyon Trust	-	1,500	(1,500)	-	-
Tudor Trust	8,000	22,000	(22,000)	-	8,000
Donation for property	277,500	178,219	(3,357)	-	452,362
	<u>339,748</u>	<u>234,797</u>	<u>(114,183)</u>	<u>-</u>	<u>460,362</u>
<b>Other including core costs</b>					
Big Lottery	7,909	40,908	(47,648)	-	1,169
Cambridge Community Fund	-	3,850	(3,750)	(100)	-
Charles Hayward Foundation	-	25,000	(20,000)	-	5,000
Daughters of Jesus	-	5,000	(5,000)	-	-
Homeless Link	-	80,000	(80,000)	-	-
Legal & General Group	-	3,000	(3,000)	-	-
Maclellan Foundation	-	45,809	(45,809)	-	-
Nottingham Community fund	-	1,900	(1,900)	-	-
Nottinghamshire Community Foundation	-	1,500	(1,500)	-	-
Paul Basham	-	2,000	(2,000)	-	-
The Morrisons Foundation	-	900	(900)	-	-
Vardy Foundation	-	3,000	-	-	3,000
	<u>7,909</u>	<u>212,867</u>	<u>(211,507)</u>	<u>(100)</u>	<u>9,169</u>
<b>Property</b>					
Borrowdale Close	125,000	-	-	(125,000)	-
SEIF	78,152	-	(1,106)	-	77,046
	<u>203,152</u>	<u>-</u>	<u>(1,106)</u>	<u>(125,000)</u>	<u>77,046</u>
<b>Total</b>	<u>550,809</u>	<u>447,664</u>	<u>(326,796)</u>	<u>(125,100)</u>	<u>546,577</u>

# HOPE INTO ACTION UK

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) *FOR THE YEAR ENDED 31 MARCH 2021*

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### 19 Restricted funds

(Continued)

There are a number of restricted funds as outlined above, some of which are for specific projects, some that cover specific elements of core costs. The three largest funds are as follows:

Donation for property - this relates to a donation received to enable the charity to invest in further property to be used to house tenants.

SEIF - the funds received were for the purchase of a property by the charity. A property was purchased in 2012 and this fund is now represented by fixed assets, but the fund remains a restricted fund as the funding is potentially repayable to SEIF if there is a future change to the use of the property or the property is sold.

Borrowdale Close - a donation to fund the acquisition of a property (further details are in note 22).

# HOPE INTO ACTION UK

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

### 20 Designated funds

The income funds of the charity include the following designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes:

	Balance at 1 April 2019 £	Resources expended £	Transfers £	Balance at 1 April 2020 £	Resources expended £	Transfers £	Balance at 31 March 2021 £
Fixed asset fund	1,073,198	(22,695)	21,464	1,071,967	(27,510)	269,706	1,314,163
North Street provision	80,000	-	20,000	100,000	-	(100,000)	-
Mortgage repayment provision	-	-	-	-	-	100,000	100,000
Additional property provision	-	-	-	-	-	100,000	100,000
	<u>1,153,198</u>	<u>(22,695)</u>	<u>41,464</u>	<u>1,171,967</u>	<u>(27,510)</u>	<u>369,706</u>	<u>1,514,163</u>

The fixed asset fund represents the net book value of the property and other fixed assets that is not represented by restricted funds.

The North Street provision was a fund to purchase the remainder of the North Street property.

The mortgage repayment provision is to fund part of the mortgage being repaid.

The additional property provision is to fund future investments in property.

# HOPE INTO ACTION UK

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2021

#### 21 Analysis of net assets between funds

	Unrestricted funds 2021 £	Designated funds 2021 £	Restricted funds 2021 £	Total 2021 £	Unrestricted funds 2020 £	Designated funds 2020 £	Restricted funds 2020 £	Total 2020 £
Fund balances at 31 March 2021 are represented by:								
Tangible assets	-	1,704,624	77,046	1,781,670	-	1,473,136	203,152	1,676,288
Current assets/(liabilities)	432,946	186,299	469,531	1,088,776	310,479	90,800	347,657	748,936
Long term liabilities	(3,000)	(376,760)	-	(379,760)	-	(391,969)	-	(391,969)
	<u>429,946</u>	<u>1,514,163</u>	<u>546,577</u>	<u>2,490,686</u>	<u>310,479</u>	<u>1,171,967</u>	<u>550,809</u>	<u>2,033,255</u>



# HOPE INTO ACTION UK

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

### 22 Financial commitments, guarantees and contingent liabilities

In 2018 the charity purchased a property. The purchase was financed by a donation and a loan of £125,000, secured on the property. The charity has covenanted with the lender to repay the loan, on the expiry of 6 months from service by the lender of notice to redeem the charge, although such notice will not be given by the lender whilst the property is being used for the charity's charitable purpose of providing housing for vulnerable people including refugees and the homeless. Furthermore the loan will expire, and not be required to be repaid, on the earlier of the 25 yearly anniversary of the charge and the date of death of the lender.

On the basis that the charity intended to use the property for its charitable purposes for the foreseeable future and the accounts were prepared on the going concern purpose, the full amount of the finance for the property purchase was treated as a restricted donation. The balance of the donation that was subject to the charge remained as a balance carried forward on the restricted fund, rather than a liability.

In January 2021, the charge on the property was removed by the lender and therefore the restriction has been released and the potential liability is removed. This has been recorded as a transfer from restricted to designated funds within the year.

### 23 Operating lease commitments

At the reporting end date the charity had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2021 £	2020 £
Within one year	25,594	31,966
Between two and five years	6,517	1,000
	<u>32,111</u>	<u>32,966</u>

### 24 Related party transactions

#### Remuneration of key management personnel

The remuneration of key management personnel including pension contributions is as follows.

	2021 £	2020 £
Aggregate compensation	<u>141,058</u>	<u>138,837</u>

Key management personnel represents 5 (2020 - 5) members of staff.

# HOPE INTO ACTION UK

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

### 24 Related party transactions

(Continued)

Mr G Howard previously owned 27.8% of the North Street property and charged the charity interest at 2% on the original investment. The charity had built up a reserve in order to buy-out this investment and has bought out Mr G Howard for £100,000 during the year. This value was based on an external professional valuation.

Included in expenditure are the following amounts in respect of rent paid on properties used for the charity's clients.

	2021 £	2020 £
Property rented from children of Mr G Howard	8,091	5,016
Property rented from Mr G Howard	2,263	3,464
Property rented from Mr and Mrs E Walker	6,112	6,112
Property rented from Mrs D Tidball	1,920	-

### 25 Cash generated from operations

2021  
£

2020  
£

Surplus for the year	457,431	233,844
Adjustments for:		
Investment income recognised in statement of financial activities	(9,266)	(9,303)
Depreciation and impairment of tangible fixed assets	28,616	23,801
Movements in working capital:		
Decrease/(increase) in stocks	12,908	(12,908)
(Increase)/decrease in debtors	(58,158)	14,617
Increase/(decrease) in creditors	22,209	(3,147)
Increase/(decrease) in deferred income	19,188	(50,000)
<b>Cash generated from operations</b>	<b>472,928</b>	<b>196,904</b>

### 26 Analysis of changes in net funds

	At 1 April 2020 £	Cash flows £	At 31 March 2021 £
Cash at bank and in hand	756,366	335,987	1,092,353
Loans falling due within one year	(10,700)	-	(10,700)
Loans falling due after more than one year	(391,969)	12,209	(379,760)
	<b>353,697</b>	<b>348,196</b>	<b>701,893</b>