

LENCH'S TRUST

England & Wales · Charity number 1145847

Details

Status Registered

Legal form Charitable company

Company number [07860164](#)

Registered 2012-02-10

Register [View on the Charity Commission register](#)

Contact

Address Head Office
William Lench Court
80 Ridgacre Road
Quinton
B32 2AQ

Phone 01214260455

Email info@lenchs-trust.co.uk

Website www.lenchs-trust.co.uk

Activities

Objects: THE CHARITYS OBJECTS ("OBJECTS") ARE SPECIFICALLY RESTRICTED TO THE FOLLOWING: (A) THE PROVISION AND MAINTENANCE OF ALMSHOUSES OR SUCH OTHER PROPERTY APPROPRIATE TO THE NEEDS OF PERSONS IN NECESSITOUS CIRCUMSTANCES WHO ARE INHABITANTS OF THE CITY OF BIRMINGHAM AND ITS IMMEDIATE ENVIRONS OR PERSONS WHO SHALL THROUGH AGE OR OTHERWISE FIND THEMSELVES IN NECESSITOUS CIRCUMSTANCES AS A RESULT OF WHICH THEY HAVE BECOME UNABLE TO AFFORD TO CONTINUE TO LIVE IN AND MAINTAIN THEIR CURRENT RESIDENCES, OR WHO ALTHOUGH THEY HAVE SIGNIFICANT CAPITAL ASSETS ARE THROUGH LACK OF INCOME IN NECESSITOUS CIRCUMSTANCES, PROVIDED ALWAYS THAT THEY SHALL BE RESIDENTS OF THE CITY OF BIRMINGHAM AND ITS IMMEDIATE ENVIRONS; (B) TO RELIEVE THE ELDERLY AND POOR IN ANY WAY DEEMED CHARITABLE ACCORDING TO LAW, AND PROVIDED ALWAYS THAT THEY SHALL BE RESIDENTS OF THE CITY OF BIRMINGHAM AND ITS IMMEDIATE ENVIRONS. WITHOUT PREJUDICE TO THE GENERALITY OF THE FORGOING SUCH RELIEF MAY BE PROVIDED BY THE PROVISION OF HOME CARE FOR ELDERLY PEOPLE AND SUCH OTHER SUPPORT AS THE TRUSTEES SHALL DEEM APPROPRIATE BOTH WITHIN A CLIENTS HOME AND OTHERWISE INCLUDING THE MAKING OF CASH PAYMENTS TO PEOPLE IN NECESSITOUS CIRCUMSTANCES AND, IN PARTICULAR, RELATING TO HOUSING NEEDS. (C) A PERSON WHO QUALIFIES UNDER ARTICLE 4(A) ABOVE BUT WHO IS TO ENTER INTO AN EQUITY SHARING ARRANGEMENT WITH THE CHARITY WHEREBY THEY MAY PURCHASE UP TO A 75% SHARE IN A UNIT AS A QUALIFYING BENEFICIARY: (I) SHALL AT ALL TIMES AFFORD THE CHARITY THE FIRST OPTION TO RE-PURCHASE WHATEVER SHARE IN A UNIT HE OR SHE SHALL HAVE PURCHASED BY WAY OF EQUITY; (II) SHALL BE A QUALIFYING BENEFICIARY BY VIRTUE OF CLAUSE 4(A) ABOVE; (III) SHALL NOT ALLOW ANY OTHER PERSON TO OCCUPY OR SHARE THE ACCOMMODATION AND SHALL NOT TRANSFER HIS OR HER LEGAL INTEREST IN THE UNIT CONCERNED TO ANY THIRD PARTY WHETHER IN WHOLE OR IN PART; (IV) SHALL BEAR HIS OR HER OWN COSTS IN RELATION TO THE ACQUISITION AND DISPOSAL OF ANY INTEREST IN THE UNIT.

Activities: Lench's Trust is an Almshouse Charity, providing care and quality homes to people over the age of 55 in need, in and around Birmingham, attempting to reduce social isolation within this demographic and creating communities within our Schemes.

Classification

- **How:** Provides Buildings/facilities/open Space, Provides Services
- **What:** The Advancement Of Health Or Saving Of Lives, The Prevention Or Relief Of Poverty, Accommodation/housing, Other Charitable Purposes
- **Who:** Elderly/old People

Geography

- Birmingham City

Finances

Period end	Income	Expenditure	Assets	Employees
2024-12-31	£3,257,970	£3,153,283	£28,471,968	39
2023-12-31	£3,048,426	£2,831,757	£28,202,864	38
2022-12-31	£2,631,398	£2,524,080	£27,994,517	36
2021-12-31	£2,581,049	£2,362,980	£27,850,318	36
2020-12-31	£2,313,033	£2,307,185	£27,410,221	38

Trustees

Name	Role	Appointed
Alison White		2022-05-19
Fungayi George Mandonga		2024-06-20
Guy Chaundy		2025-06-19
Inderpal Singh Lotay		2023-12-14
Kamaljit Kaur Takhar		2023-12-14
Louise Teboul		2025-06-19
MATTHEW LAKE		2025-06-19
Mohammed Abdul Malik		2019-12-12
Monica Mateo-Garcia		2025-06-19
RICHARD MOXON		2022-05-19
Ruth Evans		2017-09-14
Sean Brennan		2025-09-18

Linked charities

- LENCH'S TRUST (1145847-1)

LENCH'S TRUST

England & Wales - Charity number 1145847

Accounts

Registered number: 7860164

**LENCH'S TRUST
(Limited by Guarantee)**

Financial Statements

For year ended 31 December 2024

LENCH'S TRUST

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LENCH'S TRUST

TRUST INFORMATION

TRUSTEES

Mr Abdul Malik (Chairman)
Mr R Moxon (Deputy Chair)
Mr T Cuthbertson
Ms R Evans
Mr A O Sholuade
Ms A White
Mrs K Kaur Takhar
Mr I Singh Lotay
Mr F G Mandonga (Appointed 20th June 2024)
Mrs R Mander (Retired 12th December 2024)
Ms R Chiu (Retired 20th June 2024)
Ms S Davis (Retired 20th June 2024)

CHIEF EXECUTIVE

Dominic Bradley

REGISTERED OFFICE

William Lench Court
80 Ridgacre Road
Quinton
Birmingham
B32 2AQ

REGULATOR OF SOCIAL HOUSING NO.

A2074

REGISTERED CHARITY NO.

1145847

COMPANIES HOUSE REGISTERED NO.

7860164

AUDITOR

Forvis Mazars LLP
2 Chamberlain Square
Birmingham
B3 3AX

BANKERS

Lloyds Bank Plc
114-116 Colmore Row
Birmingham
B3 3BD

INVESTMENT ADVISORS

Evelyn Partners
103 Colmore Row
Birmingham
B3 3AG

TRUSTEES

Lench's Trust is an Almshouse Charity regulated by a scheme of the Charity Commissioners, charity registration number 1145847. It is also a Registered Provider of Social Housing and Care which means it is subject to monitoring by the Regulator of Social Housing (RSH) as well as the Care Quality Commission (CQC). The Trust are also registered under the Companies Act 2006, limited by guarantee.

It was founded in 1525 by William Lench, a tanner, for the benefit of the Citizens of Birmingham. For some 300 years, the work of the Trust was divided between the maintenance of streets and bridges and the care of the elderly and poor. With the incorporation of Birmingham in 1838 the Trustees became solely providers of Almshouses. Our policy is to provide care, according to our scheme, for people who are resident in the City, over 55 years of age and necessitous.

The scheme specifies twelve Trustees and their duties are to provide care for our residents to meet their needs and to give consideration to other possibilities of care as finances and facilities become available. The financial policy of the Trustees is to maintain and improve the value of their endowment for the use of future generations and to make further financial resources available for the progressive expansion of the Trust's caring activities.

The management of the Trust is led by a Chief Executive and a small team of office staff, with day to day care and Almshouse staffing carried out by our team of scheme managers. The Trustees also have a group of befrienders for each Almshouse who get to know our residents individually and play a major part with the scheme managers in offering companionship and seeking out their needs.

Our capacity and occupancy on 31 December 2024 was: -

	Units of accommodation	Number of residents
Lench's Close	64	66
Tanner's Close	24	27
William Lench Court	95	109
	183	202

All the properties have units which can accommodate couples, and this is reflected in the number of residents shown.

RISK MANAGEMENT

The Trustees have assessed the major risks to which the Charity is exposed, in particular those related to the operations and finances of the Charity and are satisfied that there are systems in place to mitigate exposure to major risks.

FUTURE DEVELOPMENTS

Our previous 5-year capital programme, which was established in 2023, has been put on hold due to the cost of the developments and it proved not to be viable going forward. We have however, started planning for two developments within our other Schemes. At Lench's Close we are looking to add an additional 6 units, on the land that is currently known as the Spinney and at William Lench Court, we are reviewing how feasible it would be to create a Scheme that includes Eco-Pods, for people who are over 55 and are still working, this would be in woodlands at the back of the Quinton Scheme. Planning permissions should be going in between May and August this year.

LENCH'S TRUST – CHAIRMAN'S REPORT

As I reflect on the past year, I am once again reminded of the dedication and resilience of our team. It has been a year of transitions, progress, and new opportunities, and I am grateful for the privilege of serving as Chairman during this time.

Firstly, I extend my sincere gratitude to my fellow Trustees and the Management team. Your unwavering commitment continues to be the backbone of our Organisation, ensuring that we remain steadfast in our mission to serve our beneficiaries. This year, we bid farewell to valued Trustees, Sarah Davis, after 13 years of dedicated service, Rachel Chiu, who served with distinction for four years, and Rachel Mander, whose contributions from the perspective of residents in her 18 months with us were greatly appreciated. Their commitment and passion have helped shape the Trust, and we are deeply grateful for their service. Amid these changes, we also welcomed a new Trustee, George who brings fresh insight and energy to the board. I look forward to the valuable contributions he will undoubtedly make as we navigate the future.

Finance Report 2024

The operational surplus from lettings increased to £481,846 from £383,278 due to the maximisation process with regards to service charges the Trust went through during the back end of 2023 and into early 2024.

Net rental income from investment properties decreased slightly to £234,459 from £237,441 in 2024. The slight difference relates to one of our pieces of land, where the income is based on turnover, we currently lease this land to Good Value Parking Ltd and have done for a number of years, with the income changing to the basis of Turnover during COVID, when car parks were not being used.

The care service and catering team have seen increases in their losses again during 2024, compared with 2023. A lot of this increase in loss relates to staffing, staffing costs increase, yet income from both department is seemingly steady. The Trust are investing into both departments, some at the latter stages of 2024 and more into 2025, to ensure efficiencies are being made and we can reduce deficits for 2025 year-end.

Below our operating surplus, there have been slight changes within finance income and finance/ interest costs, due to the rates of interest reducing on our cash investments accounts and the mortgage term being under 5 years.

Investment Properties and Developments

Beyond changes, this year has also seen significant developments in our projects and estates. We successfully completed work on our first co-living space, Marion's Place, marking an exciting step forward in our commitment to innovative housing solutions. Additionally, we have finalised initial plans for an Eco Pods Scheme at William Lench Court, a project that reflects our focus on sustainability and forward-thinking design.

We also expanded our property portfolio with the purchase of the Midland Heart Property adjoining Lancaster Gate. Discussions with our advisors and interested parties regarding a potential sale of the whole site are ongoing, and we remain committed to ensuring the best outcome for the Trust and our beneficiaries. In light of recent developments and cost increases, we have decided to put the Conybere Gardens refurbishment on hold and have successfully extended the lease with St Basil's. This extension provides stability and allows us to assess the best path forward for the property.

Celebrations for our 500th Year!

One of the most exciting milestones ahead is our 500-year anniversary, a remarkable achievement that few organisations can claim. As we prepare to celebrate half a millennium of service, we are proud to have engaged Professor Carl Chinn, a highly respected historian, to research and curate a detailed timeline of our history and impact on Birmingham over the past five centuries. This work will not only honour our legacy but also serve as a foundation for our future, reinforcing the vital role we continue to play in our community.

As we move into the year ahead, we do so with a deep appreciation for those who have contributed to our journey and an unwavering commitment to growth, innovation, and service. With a strong team, a clear vision, and the momentous occasion of our 500th anniversary on the horizon, we are well-positioned to build upon our successes and embrace the opportunities that lie ahead.

VALUE FOR MONEY (VFM) & BENCHMARKING

Introduction

Lench's Trust is committed to the principle and delivery of VFM as defined by the RSH, which requires the Trust to "articulate and deliver a comprehensive and strategic approach to achieving VFM in meeting its organisational objectives".

The Board of Lench's Trust has overall responsibility for direction and governance.

Achieving VFM

Achieving VFM is fundamental to the attainment of Lench's Trust's key strategic goal to "develop vibrant, caring and safe communities for the benefit of the community served by the Trust" and to achieve this, the Trust has adopted several objectives which are further detailed and developed in the Annual Plans over the life cycle of its Ten-Year Strategy (2015-2025).

The Board and Executive Team are working to embed VFM principles within the organisation at all levels through active engagement with staff, residents, and other key stakeholders.

Over the past 18 months, significant efforts have been made to not only achieve Value for Money but also to streamline processes and enhance efficiency in our working practices. So far, we have realised overall cost savings of approximately £45k and have been able to improve some of the services we provide to our residents and wider stakeholders.

Benchmarking

Critical to the success in achieving VFM is benchmarking the Trust's performance with other housing providers. To this end, Lench's Trust joined a local benchmarking club under the auspices of HouseMark and uses HouseMark's benchmarking service to compare how the Trust performs with other housing providers of similar size.

In general, the outcomes from benchmarking highlight areas of strength and weakness, indicate whether the right balance between cost and quality has been obtained, and provide a point of reference for necessary business improvements.

Lench's Trust is committed to giving the beneficiaries of the Charity the best service that it can with the resources available and therefore is actively engaged with the benchmarking club to assess its performance and highlight areas for change and improvement.

In 2024, the Trust became a member of the Communities and Housing Investment Consortium Ltd (CHIC), a procurement portal. This membership enables the Trust to benchmark its Property and Maintenance services against a broader range of contractors and suppliers, ensuring that residents receive the best value.

Quality Performance

Lench's Trust is committed to continued ongoing engagement with the beneficiaries of the Charity to better understand the nature of any dissatisfaction and feed this back to housing staff and maintenance contractors to improve service delivery to residents and their homes. Meaningful engagement with customers and repairs contractors helps to reduce costs, improve efficiency (by reducing waste) and raise effectiveness (by doing the right things).

Additionally, Lench's Trust realises the value of increased engagement with residents to foster better relations, minimise misunderstandings, address areas of concern, revise methods of working and service delivery – this is achieved through various means of engagement such as one on one meetings with Trustees, Residents sitting on the Audit & Assurance Committee and an annual residents conference, which enables the residents to engage with the staff and trustees.

Value for Money Metrics			
Reinvestment %	2023	2024	Sector Median*
This metric looks at LT's investment in existing properties. This is calculated as a percentage of the value of total housing properties.	2.56%	1.64%	2.8%
Over the last 5 years we have invested heavily into our properties, and throughout 2024, we have been able to give our residents some breathing space, this goes hand in hand with the Headline Social Housing cost per unit, with the reduction in costs from previous years too.			

New supply delivered (social housing) as a % of total stock	2023	2024	Sector Median*
This sets out the number of new social housing units that have been acquired or developed in the year as a proportion of total units. LT do not develop non-social units.	0%	0%	0%
LT have not developed any further units during 2024.			
Gearing %	2023	2024	Sector Median *
This ratio sets out the proportion of borrowing compared with assets. A high gearing % could indicate that we have taken on too much borrowing however low gearing could indicate that we have capacity to borrow.	23.8%	28.68%	16.53%
Our gearing at 28.68%, is higher than the sector median of 16.53%, however, our banking covenants require for the Trust to keep the % under 40, therefore we are well within our limits.			
Headline social housing cost per unit	2023	2024	Sector Median *
The unit cost metric assesses the headline social housing cost per unit as defined by the regulator of social housing	£5,598	£5,947	£4,774
Headline social housing cost per unit has increased by £349 p.a compared with 2023. Within 2024, we have made changes throughout our processes, updating contracts and increasing efficiencies along with having had a steady year with works done within our Schemes too, we have however, still seen increases in staffing costs year on year.			
Operating Margin % Social Housing	2023	2024	Sector Median*
This % is an indicator of operating efficiency and business health as it measures the amount of surplus generated from turnover on our day-to-day activities.	19%	0.86%	16.99%
Our social housing operating margin has decreased from 19% in 2023 to 0.86% in 2024. This is a large decrease year on year, however, we have had increased deficits within catering and care, along with the restructure within the Care team, which has impacted the Trust financially.			
For 2025, the budget is showing an operating margin of 7% and will improve year on year with efficiencies that are being made.			

*Sector Median taken from the West Midlands Smaller Housing benchmarking group figures for 2022/23.

FINANCIAL REPORT 2024

FIXED ASSETS

The net book value of housing properties is £15.4m. This is made up of four Schemes, three of which the Trust manage and use for people over the age of 55 and one, we lease to another Charity, St Basil's, who use the property to house homeless people between the ages of 16-25.

CURRENT ASSETS

Current assets are at £2.9m, comprised mainly of investment cash deposits of £2.4m, which will be used to cover developments and our asset management programme over the coming years.

CREDITORS

Creditors due within one year are £897k, this includes housing property loans of £546k.

FUNDS

The Trust's total funds at 31 December 2024 were £28m.

RESERVES POLICY

The Trustees have reviewed the Trust's need to retain free available reserves, defined as total assets less current liabilities in the Income Fund before deducting short term housing loans and less tangible assets comprising both housing properties and other fixed assets. The Trustees consider it prudent to retain funds equivalent to 6 months annual operating expenditure for the provision of the working capital needed to run the Trust efficiently and for unexpected contingencies. This amounts to approximately £631k. At the year-end free reserves are £584k.

Please see notes below regarding Going Concern and the Trustees views with the reserves policy.

STATEMENT OF COMPREHENSIVE INCOME

The surplus for the year was £269k. There was a maximisation project at the start of 2024, meaning we have seen an increase in housing property income of £330k year on year, this has gone towards our increase in comprehensive income for the year. We have seen a decrease in our interest and financing costs due to the mortgages steadily reducing with both loans now being due within 5 years and our investment portfolio increase in market value causing an increase in change in fair value.

INVESTMENT POLICY

The Trustees' investment policy is to look for long term holdings without undue risk and for an income which will grow in real terms.

GOING CONCERN

Under the governance requirements, the Trustees confirm that after making enquiries they have a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the accounts.

Whilst there have been inflationary issues and a cost-of-living crisis, the Trust have made changes to housing income and have carried out a thorough Value for Money exercise, along with a restructure within the Care team to help to ensure the Trust's financial future.

On this basis, the Board has a reasonable expectation that Lench's Trust has adequate resources to continue in operational existence for the foreseeable future, being a period of 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.

Approved by the Trustees on 19th June 2025
and signed on their behalf by


Abdul Malik (Jun 19, 2025 19:04 GMT+1)

A Malik
Chairman

INTERNAL FINANCIAL CONTROL

The Trustees have overall responsibility for the Trust's system of internal financial control, the effectiveness of which has been reviewed and reported on to the Trustees by the Finance Committee. The principal elements of the system, which is designed to recognise the specific characteristics and objectives of the Trust and the risks to which it is exposed, include:

- a clearly defined structure which delegates authority, responsibility and accountability, including responsibility for internal financial control to management;
- a well-established budgeting and reporting function, with budgets and results reviewed at a senior level within the Trust to provide a timely and regular monitoring of financial performance;
- an investment evaluation process to ensure Trustees' approval for all major capital expenditure commitments; and
- a regular review procedure carried out by the Trust of its risk exposure and of the systems of internal financial control in place to mitigate those risks, with annual reports of findings to the Trustees.

Internal financial control, by its nature, provides only reasonable and not absolute assurance against material misstatement or loss.

COMPLIANCE WITH THE REGULATOR'S GOVERNANCE AND FINANCIAL VIABILITY STANDARD

The Trustees confirm that the Trust complies with the Requirements of the revised Governance and Financial Viability Standard applicable for the year.

CODE OF GOVERNANCE

The Trust uses the regulator of social housing code of governance. Which means we must follow three economic standards, which consists of Governance and Financial Viability/ Value for Money and Rent.

The Trust have complied with all relevant provisions set out in the UK Corporate Governance Code throughout the accounting period.

RISK MANAGEMENT

Refer to strategic report page 2.

FUTURE DEVELOPMENTS

Refer to strategic report pages 2.

COMPLIANCE WITH THE NHF CODE OF GOVERNANCE

The Trustees confirm that the Charity complies with the requirements of the Code of Governance Standard applicable for the current year.

TRUSTEES

The Trustees are as set out on page 1.

TRUSTEES RESPONSIBILITIES

Social housing legislation requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of the Trust as at the end of the financial year and of the income and expenditure of the Trust for the year ended on that date. In preparing those financial statements, suitable accounting policies have been used, framed to the best of the Trustees' knowledge and belief, by reference to reasonable and prudent judgements and estimates, and applied consistently. Applicable accounting standards have been followed. The Trustees are also required to indicate where the financial statements are prepared other than on the basis that the Trust is a going concern.

The Trustees are responsible for ensuring that arrangements are made for keeping proper books of account with respect to the Trust's transactions and its assets and liabilities and for maintaining a satisfactory system of control over

the Trust's books of account and transactions. The Trustees are also responsible for ensuring that arrangements are made to safeguard the assets of the Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

TRUSTEES' LIABILITY INDEMNITY

All Trustees of the charity benefit from a 'Trustees Liability Insurance' policy operated through our insurers which provides £250,000 of cover.

DISCLOSURE OF INFORMATION TO THE AUDITOR

There is no relevant audit information outstanding of which the auditors are unaware, and we have taken all the steps we ought to have taken to make ourselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Approved by the Trustees on 19th June 2025
and signed on their behalf by



Abdul Malik (Jun 19, 2025 19:04 GMT+1)

A Malik
Chairman

Opinion

We have audited the financial statements of Lench's Trust (the 'company') for the year ended 31 December 2024 which comprise Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Reserves, Statement of Cashflows and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, FRS 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 company's affairs as at 31 December 2024 and of its surplus 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, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

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

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

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT
For the year ended 31 December 2024

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 strategic report and the Boards' report for the financial year for which the financial statements are prepared is consistent with the financial statements;
- the strategic report and the Boards' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Boards' 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 Boards' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Board

As explained more fully in the Trustees' responsibilities statement set out on page 7, the Board 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 Board 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 Board are responsible for assessing the 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 Board either intend to liquidate the 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 the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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.

INDEPENDENT AUDITOR'S REPORT
For the year ended 31 December 2024

Based on our understanding of the company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation, anti-money laundering regulation.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation, the Companies Act 2006, Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

In addition, we evaluated the Board and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to revenue recognition (which we pinpointed to the cut-off assertion), and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the Board and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

INDEPENDENT AUDITOR'S REPORT
For the year ended 31 December 2024

Use of the audit report

This report is made solely to the 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 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 company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.


David Hoose (Jun 23, 2025 07:39 GMT+1)

David Hoose (Senior Statutory Auditor) for and on behalf of Forvis Mazars LLP

Chartered Accountants and Statutory Auditor

2 Chamberlain Square

Birmingham

B3 3AX

Date: **23/06/2025**

LENCH'S TRUST**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 December 2024**

	Notes	2024 £	2023 £
TURNOVER	3	3,048,869	2,672,448
Operating expenditure	3	(3,045,760)	(2,701,395)
OPERATING SURPLUS/ (DEFICIT)	3	3,109	(28,947)
Finance income	4	192,277	199,409
Interest and financing costs	6	(107,523)	(130,362)
Surplus on disposal of fixed assets	5	16,824	176,569
Change in fair value of investments	12	164,417	(8,322)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		269,104	208,347

The financial statements on pages 13 to 31 were approved by the Trustees on 19th June 2025 and were signed on their behalf by:


 Abdul Malik (Jun 19, 2025 19:04 GMT+1)
 A Malik - Chairman

LENCH'S TRUST

STATEMENT OF FINANCIAL POSITION
AT 31 December 2024

	Notes	2024 Total £	Capital Fund £	Income Fund £	2023 Total £
TANGIBLE FIXED ASSETS					
Housing properties – cost less depreciation	10	15,391,657	-	15,391,657	15,769,184
Investment properties	11	13,285,298	13,285,298	-	11,984,696
Investments	12	3,402,916	3,111,926	290,990	3,238,305
Other property, plant & equipment	13	780,347	-	780,347	694,352
TOTAL FIXED ASSETS		32,860,218	16,397,224	16,462,994	31,686,537
CURRENT ASSETS					
Investments - cash deposits	14	2,401,947	2,377,663	24,284	2,312,197
Trade and other debtors	15	378,231	-	378,231	271,941
Cash		126,807	-	126,807	1,839,674
		2,906,985	2,377,663	529,322	4,423,812
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	16	(897,532)	-	(897,532)	(848,302)
NET CURRENT ASSETS / (LIABILITIES)		2,009,453	2,377,663	(368,210)	3,575,510
TOTAL ASSETS LESS CURRENT LIABILITIES		34,869,671	18,774,887	16,094,784	35,262,047
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	17	(6,397,703)	-	(6,397,703)	(7,059,183)
NET ASSETS		28,471,968	18,774,887	9,697,081	28,202,864
Revenue reserve		25,647,482	15,950,401	9,697,081	25,393,460
Permanent endowment		2,824,486	2,824,486	-	2,809,404
TOTAL RESERVES		28,471,968	18,774,887	9,697,081	28,202,864

The financial statements on pages 13 to 31 were approved by the Trustees on 19th June 2025 and were signed on their behalf by:



Abdul Malik (Jun 19, 2025 19:04 GMT+1)

A Malik - Chairman

LENCH'S TRUST

STATEMENT OF CHANGES IN RESERVES AT 31 December 2024

	Revenue reserve £	Permanent endowment £	Total £
BALANCE AT 1 JANUARY 2024	25,393,460	2,809,404	28,202,864
Surplus from statement of comprehensive income	269,104		269,104
Transfer between reserves	(15,082)	15,082	-
BALANCE AT 31 DECEMBER 2024	<u>25,647,482</u>	<u>2,824,486</u>	<u>28,471,968</u>

	Revenue reserve £	Permanent endowment £	Total £
BALANCE AT 1 JANUARY 2023	25,303,409	2,691,108	27,994,517
Surplus from statement of comprehensive income	208,347	-	208,347
Transfer between reserves	(118,296)	118,296	-
BALANCE AT 31 DECEMBER 2023	<u>25,393,460</u>	<u>2,809,404</u>	<u>28,202,864</u>

See page 13 for details regarding the surplus/ (deficit) from statement of comprehensive income.

The transfer between reserves is the amount of gains/ (losses) realised on disposal of investments within the capital portfolio transferred from the revenue reserve into the Permanent Endowment account.

LENCH'S TRUST

STATEMENT OF CASH FLOWS For the year ended 31 December 2024

		2024	2023
	Notes	£	£
NET CASH INFLOW/ (OUTFLOW) FROM OPERATING ACTIVITIES	A	360,589	(327,543)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends, Interest & Rent received		449,646	464,656
Interest paid		(107,523)	(130,362)
Housing loan (repaid)/ received		(523,593)	(500,721)
		(181,470)	(166,427)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of housing properties (including components) (Note 10)		(252,379)	(680,010)
Purchase of other property, plant, equipment and investment properties		(1,592,729)	(305,102)
Decrease in investment deposits		(89,750)	2,398,070
Proceeds from sale of property, plant & equipment		26,857	-
Proceeds from sale of Investments		336,338	510,559
Purchase of investments (Note 12)		(320,323)	(331,553)
		(1,891,986)	1,591,964
NET CHANGE IN CASH AND CASH EQUIVALENTS		(1,712,867)	1,097,994
Cash and cash equivalents at the beginning of the year		1,839,674	741,680
Cash and cash equivalents at the end of the year		126,807	1,839,674

A) RECONCILIATION OF OPERATING SURPLUS TO NET CASH INFLOW/ (OUTFLOW) FROM OPERATING ACTIVITIES

	2024	2023
	£	£
Operating surplus/ (deficit) for the year	3,109	(28,947)
(Increase)/ decrease in debtors	(106,290)	(73,891)
Increase/ (decrease) in creditors	26,446	(548,297)
Depreciation	759,135	704,170
Abortive costs – capitalised in 2023, released in 2024	50,889	-
Amortisation of Government grant	(115,331)	(115,331)
Rents from investments	(257,369)	(265,247)
Net cash (outflow)/inflow from operating activities	(360,589)	(327,543)

LENCH'S TRUST**STATEMENT TO CASH FLOWS****For the year ended 31 December 2024**

ANALYSIS OF CHANGES IN NET DEBT

	At the start of the year	Cashflows	Fair value Movements	Other non-cash changes	At the end of the year
Cash	1,839,674	(1,712,867)			126,807
Short term current asset investments	27,880	(3,597)			24,283
Long term current asset investments	2,220,919	156,744			2,377,663
Borrowings within 1 year	(523,593)	(22,556)			(546,149)
Borrowings over 1 year	(2,160,513)	546,148			(1,614,365)
	1,404,367	1,036,128	-	-	368,239

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. ACCOUNTING POLICIES**(a) Basis of accounting**

The financial statements are presented in Sterling (£) and are prepared under the historical cost convention, as modified to include certain items at fair value, in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council and comply with the Accounting Direction for Private Registered Providers of Social Housing 2022, the Statement of Recommended Practice for Registered Social Housing Providers 2018 (SORP) and the Housing and Regeneration Act 2008. Lench's Trust is a public benefit entity (PBE), as defined in FRS 102 and applies the relevant paragraphs prefixed "PBE" in FRS 102. The Trust is registered under the Companies Act 2006 and is a registered provider of social housing.

The principle activities of Lench's Trust are to provide housing to over 55's in the Birmingham area and to prevent or relieve poverty for our residents.

(b) Going Concern

Under the governance requirements, the Trustees confirm that after making enquiries they have a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the accounts.

Whilst the Trust are dealing with the Cost-of-Living crisis, the Senior Management & Executive team have taken steps to mitigate the impact these Challenges will have to the Organisation. The Service Charges have been revised for 2024/2025, to maximise the income across our Housing stock. Budgets and forecasts have been prepared for the current year, which show the Trust meeting its Banking Covenants and the cashflow remains in a strong position.

On this basis, the Board has a reasonable expectation that Lench's Trust has adequate resources to continue in operational existence for the foreseeable future, being a period of 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.

(c) Turnover

Turnover represents residents' contributions receivable in respect of Almshouses (net of losses from voids), rents receivable from investment properties, proceeds from first tranche shared ownership sales, revenue grants receivable from Local Authorities and Homes England, together with donations.

(d) Capital fund

The capital fund represents the original endowment of the Trustees together with subsequent accumulations. The capital now consists of freehold property, producing rental income, loans and investments.

(e) Income fund

All the Trust's income is accounted for through the income fund account.

(f) Recognition of housing properties and other fixed assets

Cost includes the cost of acquiring land and buildings, directly attributable development costs and borrowing costs directly attributable to the construction of new housing properties during the development. Capitalisation ceases when substantially all the activities that are necessary to get the asset ready for use are complete.

(g) Depreciation

Depreciation is charged to write down the cost of freehold housing properties to their estimated residual value on a straight-line basis over their expected useful economic lives as follows:

Freehold land	Not depreciated
Housing properties	100 or 50 years

Major components are treated as separable assets and depreciated over their estimated useful economic lives or the lives of the properties to which they relate, if shorter, at the following annual rates:

Roofs	50 years
Kitchens	10 years
Bathrooms	10 years
Boilers	10 years

STATEMENT TO CASH FLOWS
For the year ended 31 December 2024

Windows & Doors 20 years

Depreciation is calculated to write off the cost of other property, plant & equipment (PPE) on a straight-line basis over their estimated useful lives at the following annual rates:

Office premises	30 years
Office equipment	5 years
Accommodation equipment	5 years
Motor vehicles	4 years

(h) Impairment of social housing properties

Properties held for their social benefit are not held solely for the cash inflows they generate and are held for their service potential.

An assessment is made at each reporting date as to whether an indicator of impairment exists. If such an indicator exists, an impairment assessment is carried out and an estimate of the recoverable amount of the asset is made. Where the carrying amount of asset exceeds its recoverable amount, an impairment loss is recognised in surplus or deficit in the Statement of Comprehensive Income. The recoverable amount of an asset is the higher of its value in use and fair value less costs to sell. Where assets are held for their service potential, value in use is determined by the present value of the asset's remaining service potential plus the net amount expected to be received from its disposal. Depreciated replacement cost is taken as a suitable measurement model.

An impairment loss is reversed if the reasons for the impairment loss have ceased to apply and included in surplus or deficit in the Statement of Comprehensive Income.

(i) Works to existing properties

Expenditure on housing properties which results in an enhancement of the economic benefits of the property is capitalised, in accordance with the requirements of the SORP.

(j) Social Housing Grant (SHG) other capital and government grants

Grants relating to assets are recognised as income on a systematic basis over the expected useful life of the asset. Grants received for housing properties are recognised as income over the expected useful life of the housing property structure.

Grants received from non-government sources are recognised as revenue using the performance model.

(k) Investments

Investments are measured at cost on initial recognition and subsequently at fair value as at the year-end, with changes in fair value recognised as a surplus or deficit in the Statement of Comprehensive Income.

(l) Investment properties

Investment properties consist of land and commercial properties not held for the social benefit but for use in the business.

Investment properties are measured at cost on initial recognition and subsequently at fair value as at the year end, with changes in fair value recognised in Statement of Comprehensive Income (revaluations are done every 3 years).

As at 31st December 2024, the investment properties were agreed by the Board of Trustees, to be held at the appropriate value, due to being revalued by Savills in 2022.

(m) Operating leases

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the lease term.

STATEMENT TO CASH FLOWS
For the year ended 31 December 2024

(n) Interest and financing costs

Interest charges incurred on the financing of housing properties are capitalised up to the date of practical completion. Interest charges arising after that date are charged to the statement of comprehensive income. This is common practice and supported by the SORP.

(o) Pensions

The Trust operates defined contribution pension schemes, the costs of which are written off to the Statement of Comprehensive Income on an accrual basis. The assets of the schemes are held separately from those of the Trust in independently administered funds.

(p) Shared ownership properties

The Trust has adopted the SORP accounting treatment for shared ownership properties. All properties are split between fixed and current assets in line with the expectation relating to the first tranche sale percentage. The expected first tranche proportion is classified as a current asset until the point of the first tranche sale.

The current asset is then transferred to cost of sales and matched against sales proceeds within the operating surplus in the statement of comprehensive income. Any operating surplus is restricted to the overall surplus which takes account of the Existing Use Value – Social Housing (EUV-SH) of the remaining fixed asset element.

The remaining element of the asset is classified as a fixed asset and included in housing properties at cost, less any provision for depreciation or impairment.

(q) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and demand deposits, together with other short term, highly liquid investments that are readily known amounts of cash and are subject to an insignificant risk of change in value.

(r) Financial instruments

Financial assets and financial liabilities are recognised when the Trust becomes a party to the contractual provisions of the instrument.

Financial assets carried at amortised cost

Financial assets carried at amortised cost comprise rent arrears, trade and other receivables and cash and cash equivalents. Financial assets are initially recognised at fair value plus directly attributable transaction costs. After initial recognition, they are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

If there is objective evidence that there is an impairment loss, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced accordingly.

A financial asset is derecognised when the contractual rights to the cash flows expire, or when the financial asset and all substantial risks and reward are transferred.

If an arrangement constitutes a financing transaction, the financial asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial liabilities carried at amortised cost

These financial liabilities include trade and other payables and interest bearing loans and borrowings.

Non-current debt instruments which meet the necessary conditions in FRS 102, are initially recognised at fair value adjusted for any directly attributable transaction cost and subsequently measured at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance costs in the Statement of Comprehensive Income. Discounting is omitted where the effect of discounting is immaterial.

A financial liability is derecognised only when the contractual obligation is extinguished, that is, when the obligation is discharged, cancelled or expires.

LENCH'S TRUST

STATEMENT TO CASH FLOWS For the year ended 31 December 2024

Financing transactions

For rent arrears where the arrangement constitutes, in effect, a financing transaction because of extended credit arrangements the arrears are measured at the present value of the future payments discounted at an appropriate market rate of interest.

(s) Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the year end and is carried forward to future years.

2. SIGNIFICANT MANAGEMENT JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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 and in any future periods affected.

Significant management judgements

Depreciation and residual values

The Trustees have reviewed the asset lives and associated residual values of all fixed asset classes, and in particular, the useful economic life and residual values of properties, and have concluded that asset lives and residual values are appropriate.

Provisions and accruals

Management bases its judgements on the circumstances relating to each specific event and upon currently available information. However, given the inherent difficulties in estimating liabilities in these areas, it cannot be guaranteed that additional costs will not be incurred beyond the amounts accrued.

Estimation uncertainty

The Trust makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Investment property valuation

The Trust carries its investment properties at fair value and engages independent valuers to determine fair value using valuation techniques. The calculated fair value of the investment property uses assumptions which are subject to judgement, such as the estimated yield and the long-term vacancy rate. The carrying value of the Trust's investment properties can be found in note 11 of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2024

3. TURNOVER AND OPERATING COSTS

2024

	Turnover £	Operating costs £	Operating surplus/ (deficit) £
Income and expenditure from lettings (note 3a)	2,318,066	(1,836,220)	481,846
Other income and expenditure			
Care services	388,223	(534,699)	(146,476)
Catering services	75,191	(121,182)	(45,991)
Rents from investment properties	257,369	(22,910)	234,459
Management Charges	5,000	-	5,000
Donations	20	-	20
Other administrative costs	5,000	(530,749)	(525,749)
Total	<u>3,048,869</u>	<u>(3,045,760)</u>	<u>3,109</u>

2023

	Turnover £	Operating costs £	Operating surplus/ (deficit) £
Income and expenditure from lettings (note 3a)	1,987,599	(1,604,321)	383,278
Other income and expenditure			
Care services	339,838	(474,603)	(134,765)
Catering services	74,751	(110,513)	(35,762)
Rents from investment properties	265,247	(27,806)	237,441
Management Charges	5,000	-	5,000
Donations	13	-	13
Other administrative costs	-	(484,152)	(484,152)
Total	<u>2,672,448</u>	<u>(2,701,395)</u>	<u>(28,947)</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

3a. PARTICULARS OF INCOME AND EXPENDITURE FROM LETTINGS

	2024 £	2023 £
<i>Income from lettings</i>		
Housing contributions receivable net of voids - rented	2,107,161	1,777,035
- shared ownership	45,374	44,127
Other housing rent	50,200	51,106
Amortisation of SHG	115,331	115,331
Total income from lettings	<u>2,318,066</u>	<u>1,987,599</u>
<i>Expenditure from lettings</i>		
Housing accommodation:		
Services	248,153	185,059
Management	560,035	523,795
Depreciation of housing properties	727,268	652,945
Repairs and maintenance	300,764	242,522
Total housing operating costs	<u>1,836,220</u>	<u>1,604,321</u>
Operating surplus from lettings	<u>481,846</u>	<u>383,278</u>

Void losses for the year were £22,702 (2023: £16,730).

Included within housing contributions receivable is service charge income of £1,121,363 for the current year (2023: £924,354)

4. FINANCE INCOME

	2024 £	2023 £
Investment income	85,710	88,187
Bank interest	106,567	111,222
	<u>192,277</u>	<u>199,409</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

5. SURPLUS ON DISPOSAL OF FIXED ASSETS

	2024 £	2023 £
Surplus on sale of quoted investments	16,209	188,488
Deficit on disposal of other fixed assets	615	(11,919)
	<u>16,824</u>	<u>176,569</u>

6. INTEREST AND FINANCING COSTS

	2024 £	2023 £
Bank loans not wholly repayable within five years	107,523	130,362
	<u>107,523</u>	<u>130,362</u>

7. SURPLUS ON ORDINARY ACTIVITIES

	2024 £	2023 £
Surplus on ordinary activities is stated after charging/(crediting):		
Depreciation of fixed assets	759,363	704,170
Amortisation of Government grants	(115,331)	(115,331)
Auditor's remuneration:		
In their capacity as auditor	13,148	12,250
Other services	813	4,667
Lease payments recognised as expense during the year	13,667	13,667
	<u>759,363</u>	<u>704,170</u>

8. STAFF COSTS

	2024 £	2023 £
Wages and salaries	1,181,189	1,095,610
Social security costs	92,234	85,530
Other pension costs	99,791	94,833
	<u>1,373,214</u>	<u>1,275,973</u>
Average number of full-time equivalent persons employed during the year:		
	Number	Number
Office	8	8
Other scheme staff	12	11
Care team	16	16
Catering team	3	3
	<u>39</u>	<u>38</u>

Average number of employees is calculated using the number of hours worked by each employee.
Full time hours are based on 35 hours per week.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2024

9. CHIEF EXECUTIVE'S EMOLUMENTS

	2024	2023
	£	£
Chief executive's salary	76,125	78,931
Chief executive's pension contributions	7,613	6,768
Employer's NI	8,766	8,720
	<u><u>76,125</u></u>	<u><u>78,931</u></u>
The emoluments of chief executive disclosed above, excluding pension contributions, include amounts paid to:		
The highest paid employee	<u><u>76,125</u></u>	<u><u>78,931</u></u>

The Chief Executive is classified as key management personnel and is a member of the Trust's defined contribution pension scheme on the same terms as all other employees, no special terms apply.

The Trustees do not receive any emoluments, and no expenses were reimbursed to Trustees during the year (2023: nil).

The full-time equivalent number of staff who received remuneration greater than £60,000 (including the executive team):

	2024	2023
	Number	Number
£60,000 - £80,000	2	1

10. FIXED ASSETS – Housing properties

	Completed	Shared	Total
	£	ownership	£
		£	
COST			
At 1 January 2024	19,835,668	574,124	20,409,792
Additions	252,379	-	252,379
Re-purchase of properties	116,250	(116,250)	-
Disposals	(56,769)	-	(56,769)
	<u>20,147,528</u>	<u>457,874</u>	<u>20,605,402</u>
At 31 December 2024	<u><u>20,147,528</u></u>	<u><u>457,874</u></u>	<u><u>20,605,402</u></u>
DEPRECIATION			
At 1 January 2024	4,506,157	134,451	4,640,608
Charge for year	590,967	8,880	599,847
Disposals	(4,611)	(22,099)	(26,710)
	<u>5,092,513</u>	<u>121,232</u>	<u>5,213,745</u>
At 31 December 2024	<u><u>5,092,513</u></u>	<u><u>121,232</u></u>	<u><u>5,213,745</u></u>
NET BOOK VALUE			
At 31 December 2024	<u><u>15,055,015</u></u>	<u><u>336,642</u></u>	<u><u>15,391,657</u></u>
At 31 December 2023	<u><u>15,329,511</u></u>	<u><u>439,673</u></u>	<u><u>15,769,184</u></u>

All housing properties are freehold.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

11. FIXED ASSETS – Investment land and properties (Freehold)

	2024 £	2023 £
COST OR FAIR VALUE		
At 1 January	11,984,696	11,949,100
Revaluation	-	-
Additions	1,300,602	35,596
	<u>13,285,298</u>	<u>11,984,696</u>
At 31 December	<u><u>13,285,298</u></u>	<u><u>11,984,696</u></u>

Investment properties consist of land and commercial properties not held for the social benefit but for use in the business.

12. FIXED ASSETS – Listed investments

	2024 £	2023 £
<u>Income and Capital</u>		
Cost:		
At 1 January	2,466,735	2,457,253
Additions	320,323	331,553
Disposals	(320,129)	(322,071)
	<u>2,466,929</u>	<u>2,466,735</u>
At 31 December	<u><u>2,466,929</u></u>	<u><u>2,466,735</u></u>

	Cost		Market value	
	2024 £	2023 £	2024 £	2023 £
British Government fixed interest investments	50,996	32,454	47,531	30,023
Other listed investments	2,415,933	2,434,281	3,355,385	3,208,282
	<u>2,466,929</u>	<u>2,466,735</u>	<u>3,402,916</u>	<u>3,238,305</u>
Total investments	<u><u>2,466,929</u></u>	<u><u>2,466,735</u></u>	<u><u>3,402,916</u></u>	<u><u>3,238,305</u></u>

	2024 £	2023 £
Market Value:		
At 1 January	3,238,305	3,237,145
Add: Additions to investment at cost	320,323	331,553
Less: Disposals at carrying value	(320,129)	(322,071)
(Less)/add: Change in fair value of investments	164,417	(8,322)
	<u>3,402,916</u>	<u>3,238,305</u>
At 31 December	<u><u>3,402,916</u></u>	<u><u>3,238,305</u></u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2024

13. OTHER PROPERTY, PLANT & EQUIPMENT

	Office premises £	Office and accommodation equipment £	Motor vehicles £	Total £
COST				
At 1 January 2024	244,043	1,043,399	75,275	1,362,717
Additions	-	253,237	38,890	292,127
Disposals	-	(9,333)	(43,202)	(52,535)
	<u>244,043</u>	<u>1,287,303</u>	<u>70,963</u>	<u>1,602,309</u>
At 31 December 2024	<u>244,043</u>	<u>1,287,303</u>	<u>70,963</u>	<u>1,602,309</u>
DEPRECIATION				
At 1 January 2024	40,531	584,390	43,444	668,365
Depreciation for the year	8,135	163,095	10,157	181,387
Disposals	-	(9,238)	(18,552)	(27,790)
	<u>48,666</u>	<u>738,247</u>	<u>35,049</u>	<u>821,962</u>
At 31 December 2024	<u>48,666</u>	<u>738,247</u>	<u>35,049</u>	<u>821,962</u>
NET BOOK VALUE				
At 31 December 2024	<u>195,377</u>	<u>549,056</u>	<u>35,914</u>	<u>780,347</u>
At 31 December 2023	<u>203,512</u>	<u>459,009</u>	<u>31,831</u>	<u>694,352</u>
Depreciation rates	3.33%	20%	25%	

14. CURRENT ASSET INVESTMENTS

	2024 £	2023 £
Charities Deposit Fund and National Savings Bank Investment Account redeemable within one year and funds held by Broker pending investment.		
Income fund	24,284	39,605
Capital fund	2,377,663	2,272,592
	<u>2,401,947</u>	<u>2,312,197</u>

15. DEBTORS

	2024 £	2023 £
<i>Income fund</i>		
Trade debtors	91,657	74,362
Prepayments and accrued income	275,270	185,606
Other debtors	11,304	11,973
	<u>378,231</u>	<u>271,941</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

16. CREDITORS (AMOUNTS FALLING DUE WITHIN ONE YEAR)

<i>Income fund</i>	2024 £	2023 £
Housing loans	546,149	523,593
Trade creditors	129,717	120,980
Taxation and social security	25,272	20,339
Accruals and deferred income	69,655	57,683
Other creditors	11,408	10,376
Government grants (note 19)	115,331	115,331
	<u>897,532</u>	<u>848,302</u>

17. CREDITORS (AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR)

	2024 £	2023 £
<i>Income fund</i>		
Housing loans		
Lloyds Bank loan	1,614,364	2,160,513
Total housing loans	1,614,364	2,160,513
Government grants (note 19)	4,783,339	4,898,670
	<u>6,397,703</u>	<u>7,059,183</u>
Analysis of Housing loans:		
Amounts repayable by instalments, not wholly repayable within five years:		
Repayable within five years	1,614,364	1,737,710
Repayable after five years	-	422,803
	<u>1,614,364</u>	<u>2,160,513</u>

The housing loan from Lloyds Bank are secured by specific charges on the Trust's housing properties (1st charge over Lench's Close, dated 27th January 2015/ 1st charges over William Lench Court, dated 20th June 2014) and are repayable at a fixed rates of interest of 4.2% and 5.2%.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2024

18. FINANCIAL INSTRUMENTS

The carrying values of the Company's financial assets and liabilities are summarised by category below:

	2024 £	2023 £
Financial assets		
Measured at fair value through Statement of Comprehensive Income		
• Listed investments (see note 12)	3,402,916	3,238,305
• Investment properties (see note 11)	13,285,298	11,984,696
	<u>2024</u>	<u>2023</u>
	£	£
Financial liabilities		
Measured at amortised cost		
• Loans payable (see notes 16 & 17)	2,160,513	2,684,106
Measured at undiscounted amount payable	141,125	131,356
• Trade and other creditors (see note 16)	<u>141,125</u>	<u>131,356</u>

19. DEFERRED INCOME – GOVERNMENT GRANTS

	2024 £	2023 £
At 1 January	5,014,003	5,129,334
Grants receivable		
Amortisation to statement of comprehensive income	(115,331)	(115,331)
At 31 December	4,898,672	5,014,003
Due < 1 year	115,333	115,333
Due > 1 year	4,783,339	4,898,670

The cumulative amount of SHG received by the Trust is £6,749,124.

20. ACCOMMODATION IN MANAGEMENT

At the year end accommodation in management was as follows:

	2024 Number	2023 Number
Supported Housing (Extra Care)	88	87
Housing for older people	88	88
Shared ownership	7	8
Total units owned and managed	<u>183</u>	<u>183</u>

There were no units in development at the year-end (2023: nil).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

21. LEGISLATIVE PROVISIONS

The Trust is an Almshouse Charity registered by a Scheme of the Charity Commissioners and registered in England and Wales under the Companies Act 2006.

22. RELATED PARTY TRANSACTIONS

There are no related party transactions to report.

23. OPERATING LEASE COMMITMENTS

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2024	2023
	£	£
Payments due: -		
Within one year	3,754	13,667
Between one and five years	1,409	5,162
	<u>5,163</u>	<u>18,829</u>

24. PENSION COMMITMENTS

The Trust operates defined contribution retirement benefit schemes for all qualifying employees. The total expense charged to the statement of comprehensive income in the year ended 31 December 2024 was £99,791 (2023: £94,833). Contributions of £Nil (2023: Nil) were payable to the fund at the Balance Sheet date and were included within creditors due within one year.

LENCH'S TRUST

England & Wales - Charity number 1145847

Accounts

Registered number: 7860164

LENCH'S TRUST
(Limited by Guarantee)

Financial Statements

For year ended 31 December 2023

LENCH'S TRUST

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LENCH'S TRUST

TRUST INFORMATION

TRUSTEES

Mr Abdul Malik (Chairman)
Mr R Moxon (Deputy Chair)
Ms R Chiu
Mr T Cuthbertson
Ms S Davis
Ms R Evans
Mr A O Sholude
Ms A White
Mrs R Mander (Appointed 16th March 2023)
Mrs K Kaur Takhar (Appointed 14th December 2023)
Mr I Singh Lotay (Appointed 14th December 2023)
Mr S Hossain (Deceased 19th April 2023)
Mr T Storrow (Retired 19th May 2023)

CHIEF EXECUTIVE

Dominic Bradley

REGISTERED OFFICE

William Lench Court
80 Ridgacre Road
Quinton
Birmingham
B32 2AQ

REGULATOR OF SOCIAL HOUSING NO.

A2074

REGISTERED CHARITY NO.

1145847

COMPANIES HOUSE REGISTERED NO.

7860164

AUDITOR

Forvis Mazars LLP
2 Chamberlain Square
Birmingham
B3 3AX

BANKERS

Lloyds Bank Plc
114-116 Colmore Row
Birmingham
B3 3BD

INVESTMENT ADVISORS

Evelyn Partners
103 Colmore Row
Birmingham
B3 3AG

LENCH'S TRUST

STRATEGIC REPORT

TRUSTEES

Lench's Trust is an Almshouse Charity regulated by a scheme of the Charity Commissioners, charity registration number 1145847. It is also a Registered Provider of Social Housing and Care which means it is subject to monitoring by the Regulator of Social Housing (RSH) as well as the Care Quality Commission (CQC). The Trust are also registered under the Companies Act 2006, limited by guarantee.

It was founded in 1525 by William Lench, a tanner, for the benefit of the Citizens of Birmingham. For some 300 years, the work of the Trust was divided between the maintenance of streets and bridges and the care of the elderly and poor. With the incorporation of Birmingham in 1838 the Trustees became solely providers of Almshouses. Our policy is to provide care, according to our scheme, for people who are resident in the City, over 55 years of age and necessitous.

The scheme specifies twelve Trustees and their duties are to provide care for our residents to meet their needs and to give consideration to other possibilities of care as finances and facilities become available. The financial policy of the Trustees is to maintain and improve the value of their endowment for the use of future generations and to make further financial resources available for the progressive expansion of the Trust's caring activities.

The management of the Trust is led by a Chief Executive and a small team of office staff, with day to day care and Almshouse staffing carried out by our team of scheme managers. The Trustees also have a group of befrienders for each Almshouse who get to know our residents individually and play a major part with the scheme managers in offering companionship and seeking out their needs.

Our capacity and occupancy on 31 December 2023 was: -

	Units of accommodation	Number of residents
Lench's Close	64	66
Tanner's Close	24	25
William Lench Court	95	107
	183	198

All the properties have units which can accommodate couples, and this is reflected in the number of residents shown.

RISK MANAGEMENT

The Trustees have assessed the major risks to which the Charity is exposed, in particular those related to the operations and finances of the Charity and are satisfied that there are systems in place to mitigate exposure to major risks.

FUTURE DEVELOPMENTS

The Trustees approved a 5-year capital programme in 2023, which included the development of our property in Highgate, which is occupied by St Basil's, they have told us they will serve notice later this year, which will bring the property back to us in January 2025. The development proposed will add 21 properties to the Trust's housing stock, none of which will be shared ownership and will be in a different part of the City to our current locations and is due to be completed by January 2026.

LENCH'S TRUST – CHAIRMAN'S REPORT

As I reflect on the past year, I am filled with gratitude and a sense of privilege for having had the opportunity to serve as Chairman. It has been a year marked by both progress and poignant farewells.

Firstly, I wish to extend my heartfelt thanks to my Deputy Chairs, Richard Moxon and Rachel Chiu, whose support has been invaluable to me as Chairman. I also wish to express my deep appreciation to all our other Trustees and the Management team. Your steadfast commitment has enabled the Trust to navigate through a period of significant change while consistently maintaining a high standard of service to our beneficiaries.

This year, we bid farewell to a long-standing member of our board, Tim Sorrow. After 10 years of committed service, your contribution has left an indelible mark on our organisation, and for that, we are forever grateful.

Sadly, this year has also been marked by the loss of Shihab Hussain (Trustee for over 11 years), who passed away in April 2023 following a brief illness. Shihab's contributions to our board were deeply valued, and his presence is sorely missed. We extend our heartfelt condolences to his family.

LENCH'S TRUST

STRATEGIC REPORT

In line with our board succession plan, we welcomed three new faces to our board: Rachel Mander, Inderpal Singh and Kamaljit Kaur. I look forward to the experience and fresh ideas you will bring to the Trust.

June 2023 saw another significant change for the Trust as we bid farewell to Jean-Luc, our CEO of 17 years. Jean-Luc, your leadership has been transformative, and we thank you for your service and dedication. Enjoy your well-deserved retirement.

Following Jean-Luc's departure, we welcomed Dominic Bradley as our new CEO, and many of our beneficiaries had the pleasure of meeting him during July 2023 at our first residents conference since the Covid 19 pandemic. Dominic's fresh vision for the Trust has been nothing short of inspiring. His innovative approaches and enthusiasm promise to lead us into a future ripe with potential and growth.

As we look to the year ahead, I am optimistic about the opportunities that lie before us. With a blend of seasoned and new board members and a new CEO, we are poised to build upon the strong foundations established by former Trustees and team members.

Finance Report 2023

The operational surplus from lettings decreased to £383,278 from £473,181 due to increased costs across the board, including the increase in staffing costs during 2024, which were between 5 and 10%.

Net rental income from investment properties increased to £237,441 from £196,665 in 2023. This comes from the increase in income from Good Value Parking Ltd, their income is based on their turnover, month to month, which has increased year on year since COVID, and this year the amounts received have gone from £40,509 in 2022, to £62,917 during 2023, giving the Trust an increase in rent of £22.5k. The Trust have also seen an increase in the ground rent from April 2023, with regards to the Onyx building on Lancaster Circus, which is looked after by Privilege Birmingham SARL amounting to £16,974.

The care service and catering team have seen increases in their losses during 2023, compared with 2022. As mentioned above, part of this will be due to the staffing costs during 2023, with most of the frontline staff receiving a 10% pay rise in the year, however, there have also been increases in most of our service contracts as well as food prices and the income in these two services have not been able to keep up with the increases.

Below our operating deficit, finance income has seen a significant increase to £199,409, from £104,840 in 2022, this is due to the interest rates within our fixed rate savings accounts, going from 1.75% to 2.95% during 2023. There has also been an increase in surplus on sale of quoted investments from £81,218 to £188,488, mainly due to the change in market values regarding our investments.

Total reserves increased marginally from £27.99m to £28.2m, due to the increases in housing and investment properties, which have been covered within our future development notes.

Investment Properties

During 2023, we decided to pause the planned major refurbishment of Conybere Gardens, which was due to return from the Trust which is currently leased to St Basils, planning has taken longer than expected and we are working to ensure that it offers value for money for the Trust. In the interim we have a new short-term lease in place with St Basil's and we are anticipating that lease will end in late 2024 and we will start on site in January 2025. We are currently waiting for a planning decision which was due in March, alongside finalising our grant application for Homes England who are supportive of our proposals. Our aim is to open the scheme in January 2026.

At the beginning of 2023, Midland Heart notified the Trust that they would be interested in disposing of 80 Lancaster Street. The property was previously occupied by the city council for use as a homeless shelter/clinic, the building is currently has 15 affordable apartments. The sale completed in May this year with a leaseback to Midland Heart at a peppercorn rent with all of the building liabilities remaining with Midland Heart. There are both defensive and offensive planning reasons to support the purchase of 80 Lancaster by Lench's Trust, the defensive benefit of ownership is to prevent a third party from proposing tall building development next to our land which could have a detrimental impact upon the development potential of our site. The site also offers significant marriage value to our existing land which is planned to be released by the trust on a long term lease in the coming years bringing a capital receipt that can be reinvested into the trust into existing and future developments.

Wellbeing of residents

We are proud to continue to keep the well-being of our residents front of mind, with activities taking place across all our schemes to ensure the environment remains lively.

LENCH'S TRUST

STRATEGIC REPORT

Installation of our new call system has gone well, and the system is now within each of our three Schemes, it is not being used to full functionality at the moment, but we envisage that by the end of 2024 it will be.

All internal fire doors were finished in February 2023, with the follow up reviews completed during June 2023.

In November 2023, we integrated residents into our 2024 budgeting process, providing them with the opportunity to voice their wants and needs for the upcoming year. The feedback from residents regarding this initiative has been favourable, prompting us to replicate this approach for the 2025 budgeting process.

VALUE FOR MONEY (VFM) & BENCHMARKING

Introduction

Lench's Trust is committed to the principle and delivery of VFM as defined by the RSH, which requires the Trust to "articulate and deliver a comprehensive and strategic approach to achieving VFM in meeting its organisational objectives".

The Board of Lench's Trust has overall responsibility for direction and governance.

Achieving VFM

Achieving VFM is fundamental to the attainment of Lench's Trust's key strategic goal to "develop vibrant, caring and safe communities for the benefit of the community served by the Trust" and to achieve this, the Trust has adopted several objectives which are further detailed and developed in the Annual Plans over the life cycle of its Ten-Year Strategy (2015-2025).

The Board and Executive Team are working to embed VFM principles within the organisation at all levels through active engagement with staff, residents, and other key stakeholders.

In 2023, we thoroughly assessed contracts and services. Whenever feasible, we transitioned to new service providers, renegotiated costs, and expanded our pool of contractors. These efforts have empowered us to enhance service quality and reduce costs for the upcoming year.

Benchmarking

Critical to the success in achieving VFM is benchmarking the Trust's performance with other housing providers. To this end, Lench's Trust joined a local benchmarking club under the auspices of HouseMark and uses HouseMark's benchmarking service to compare how the Trust performs with other housing providers of similar size.

In general, the outcomes from benchmarking highlight areas of strength and weakness, indicate whether the right balance between cost and quality has been obtained, and provide a point of reference for necessary business improvements.

Lench's Trust is committed to giving the beneficiaries of the Charity the best service that it can with the resources available, and therefore is actively engaged with the benchmarking club to assess its performance and highlight areas for change and improvement.

Quality Performance

Lench's Trust is committed to continued ongoing engagement with the beneficiaries of the Charity to better understand the nature of any dissatisfaction and feed this back to housing staff and maintenance contractors to improve service delivery to residents and their homes. Meaningful engagement with customers and repairs contractors helps to reduce costs, improve efficiency (by reducing waste) and raise effectiveness (by doing the right things).

Additionally, Lench's Trust realises the value of increased engagement with residents to foster better relations, minimise misunderstandings, address areas of concern, revise methods of working and service delivery – this is achieved through various means of engagement such as Residents Committees on each scheme and a Trust-wide Scrutiny Group.

LENCH'S TRUST

STRATEGIC REPORT

Value for Money Metrics			
Reinvestment %	2022	2023	Sector Median*
This metric looks at LT's investment in existing properties. This is calculated as a percentage of the value of total housing properties.	6.5%	2.56%	2.8%
The reinvestment % for LT is at 2.56% for 2023. We have been able to reach this % due to completing the ENS warden call system installation at 2 of our Schemes.			
New supply delivered (social housing) as a % of total stock	2022	2023	Sector Median*
This sets out the number of new social housing units that have been acquired or developed in the year as a proportion of total units. LT do not develop non-social units.	0%	0%	0%
LT have not developed any new units within 2023, however, there are plans for an extra 21 apartments to be part of another scheme, which will start being built January 2025, with vision of completing January 2026.			
Gearing %	2022	2023	Sector Median *
This ratio sets out the proportion of borrowing compared with assets. A high gearing % could indicate that we have taken on too much borrowing however low gearing could indicate that we have capacity to borrow.	20.3%	23.8%	16.53%
Our gearing at 23.8%, is higher than the sector median of 16.53%, however, our banking covenants require for to keep the % under 40, therefore we are well within our limits.			
Headline social housing cost per unit	2022	2023	Sector Median *
The unit cost metric assesses the headline social housing cost per unit as defined by the regulator of social housing	£4,667	£5,598	£4,774
Headline social housing cost per unit has increased by £931 p.a compared with 2022. Within 2023, we have followed on with our capital programme, completing on fire doors and implementing the ENS system through the 3 schemes, therefore there has been an increase year on year. We would expect this to decrease during 2024.			
Operating Margin % Social Housing	2022	2023	Sector Median*
This % is an indicator of operating efficiency and business health as it measures the amount of surplus generated from turnover on our day-to-day activities.	27%	19%	16.99%
Our social housing operating margin has decreased from 27% in 2022 to 19% in 2023.			
Although we have done work across the Schemes throughout 2023, most of this has been capital improvements therefore general maintenance day to day has been usual items, that we would expect and they are similar year on year.			

*Sector Median taken from the West Midlands Smaller Housing benchmarking group figures for 2022/23.

LENCH'S TRUST

STRATEGIC REPORT

FINANCIAL REPORT 2023

FIXED ASSETS

The net book value of housing properties is £15.8m. This is made up of four Schemes, three of which the Trust manage and use for people over the age of 55 and one, we lease to another Charity, St Basil's, who use the property to house homeless people between the ages of 16-25.

CURRENT ASSETS

Current assets are at £4.4m, comprised mainly of investment cash deposits of £2.3m, which will be used in our Capital Commitments programme along with developments for the Trust.

CREDITORS

Creditors due within one year are £848k, this includes housing property loans of £523k.

FUNDS

The Trust's total funds at 31 December 2023 were £28m.

RESERVES POLICY

The Trustees have reviewed the Trust's need to retain free available reserves, defined as total assets less current liabilities in the Income Fund before deducting short term housing loans and less tangible assets comprising both housing properties and other fixed assets. The Trustees consider it prudent to retain funds equivalent to 6 months annual operating expenditure for the provision of the working capital needed to run the Trust efficiently and for unexpected contingencies. This amounts to approximately £1.35m. At the year-end free reserves are £2.2m.

STATEMENT OF COMPREHENSIVE INCOME

The surplus for the year was £208k. We have seen an increase in our financial income, due to the deposit fund interest rates increasing steadily through the year and an increase on surpluses regarding our quoted investments.

INVESTMENT POLICY

The Trustees' investment policy is to look for long term holdings without undue risk and for an income which will grow in real terms.

GOING CONCERN

Under the governance requirements, the Trustees confirm that after making enquiries they have a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the accounts.

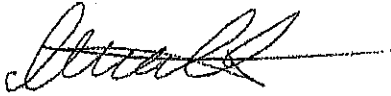
Whilst the Inflationary issues and cost of living crisis has brought additional challenges, the board have prepared forecasts for the current year which show that the Trust will meet its Bank Covenants and the cash flow remains strong.

LENCH'S TRUST

STRATEGIC REPORT

On this basis, the Board has a reasonable expectation that Lench's Trust has adequate resources to continue in operational existence for the foreseeable future, being a period of 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.

Approved by the Trustees on 20th June 2024
and signed on their behalf by

A handwritten signature in black ink, appearing to read 'A. Malik', with a horizontal line extending to the right.

A Malik
Chairman

LENCH'S TRUST

STRATEGIC REPORT

INTERNAL FINANCIAL CONTROL

The Trustees have overall responsibility for the Trust's system of internal financial control, the effectiveness of which has been reviewed and reported on to the Trustees by the Finance Committee. The principal elements of the system, which is designed to recognise the specific characteristics and objectives of the Trust and the risks to which it is exposed, include:

- a clearly defined structure which delegates authority, responsibility and accountability, including responsibility for internal financial control to management;
- a well-established budgeting and reporting function, with budgets and results reviewed at a senior level within the Trust to provide a timely and regular monitoring of financial performance;
- an investment evaluation process to ensure Trustees' approval for all major capital expenditure commitments; and
- a regular review procedure carried out by the Trust of its risk exposure and of the systems of internal financial control in place to mitigate those risks, with annual reports of findings to the Trustees.

Internal financial control, by its nature, provides only reasonable and not absolute assurance against material misstatement or loss.

COMPLIANCE WITH THE REGULATOR'S GOVERNANCE AND FINANCIAL VIABILITY STANDARD

The Trustees confirm that the Trust complies with the Requirements of the revised Governance and Financial Viability Standard applicable for the year.

CODE OF GOVERNANCE

The Trust uses the regulator of social housing code of governance. Which means we must follow three economic standards, which consists of Governance and Financial Viability/ Value for Money and Rent.

The Trust have complied with all relevant provisions set out in the UK Corporate Governance Code throughout the accounting period.

RISK MANAGEMENT

Refer to strategic report page 2.

FUTURE DEVELOPMENTS

Refer to strategic report pages 2 and 3.

TRUSTEES

The Trustees are as set out on page 1.

TRUSTEES RESPONSIBILITIES

Social housing legislation requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of the Trust as at the end of the financial year and of the income and expenditure of the Trust for the year ended on that date. In preparing those financial statements, suitable accounting policies have been used, framed to the best of the Trustees' knowledge and belief, by reference to reasonable and prudent judgements and estimates, and applied consistently. Applicable accounting standards have been followed. The Trustees are also required to indicate where the financial statements are prepared other than on the basis that the Trust is a going concern.

The Trustees are responsible for ensuring that arrangements are made for keeping proper books of account with respect to the Trust's transactions and its assets and liabilities and for maintaining a satisfactory system of control over the Trust's books of account and transactions. The Trustees are also responsible for ensuring that arrangements are made to safeguard the assets of the Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

LENCH'S TRUST

STRATEGIC REPORT

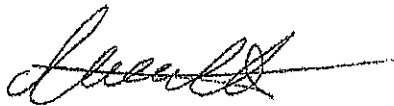
TRUSTEES' LIABILITY INDEMNITY

All Trustees of the charity benefit from a 'Trustees Liability Insurance' policy operated through our insurers which provides £250,000 of cover.

DISCLOSURE OF INFORMATION TO THE AUDITOR

There is no relevant audit information outstanding of which the auditors are unaware and we have taken all the steps we ought to have taken to make ourselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Approved by the Trustees on 20th June 2024
and signed on their behalf by



A Malik
Chairman

LENCH'S TRUST

INDEPENDENT AUDITOR'S REPORT **For the year ended 31 December 2023**

Opinion

We have audited the financial statements of Lench's Trust (the 'company') for the year ended 31 December 2023 which comprise Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Reserves, Statement of Cashflows and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, FRS 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 company's affairs as at 31 December 2023 and of its surplus 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, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

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

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

We have nothing to report in this regard.

LENCH'S TRUST

INDEPENDENT AUDITOR'S REPORT For the year ended 31 December 2023

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 strategic report and the Boards' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the Boards' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Boards' 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 Boards' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Board

As explained more fully in the Trustees' responsibilities statement set out on page 8, the Board 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 Board 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 Board are responsible for assessing the 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 Board either intend to liquidate the 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 the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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.

INDEPENDENT AUDITOR'S REPORT
For the year ended 31 December 2023

Based on our understanding of the company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation, anti-money laundering regulation.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation, the Companies Act 2006, Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

In addition, we evaluated the Board and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to revenue recognition (which we pinpointed to the cut-off assertion), and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the Board and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

LENCH'S TRUST

INDEPENDENT AUDITOR'S REPORT
For the year ended 31 December 2023

Use of the audit report

This report is made solely to the 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 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 company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.



David Hoose (Senior Statutory Auditor) for and on behalf of Forvis Mazars LLP

Chartered Accountants and Statutory Auditor

2 Chamberlain Square

Birmingham

B3 3AX

Date: 25 JUNE 2024

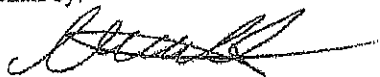
LENCH'S TRUST

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 December 2023

	Notes	2023 £	2022 £
TURNOVER	3	2,672,448	2,482,735
Operating expenditure	3	<u>(2,701,395)</u>	<u>(2,371,780)</u>
OPERATING SURPLUS	3	(28,947)	110,955
Finance income	4	199,409	104,840
Interest and financing costs	6	(130,362)	(152,300)
Surplus on disposal of fixed assets	5	176,569	48,823
Change in fair value of investments	11/12	<u>(8,322)</u>	<u>36,881</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>208,347</u></u>	<u><u>144,199</u></u>

The financial statements on pages 14 to 32 were approved by the Trustees on 20th June 2024 and were signed on their behalf by:



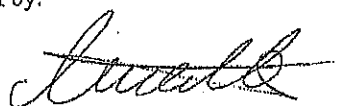
A Malik - Chairman

LENCH'S TRUST

STATEMENT OF FINANCIAL POSITION AT 31 December 2023

	Notes	2023 Total £	Capital Fund £	Income Fund £	2022 Total £
TANGIBLE FIXED ASSETS					
Housing properties – cost less depreciation	10	15,769,184	-	15,769,184	15,667,064
Investment properties	11	11,984,696	11,984,696	-	11,949,100
Investments	12	3,238,305	2,959,171	279,134	3,237,145
Other property, plant & equipment	13	694,352	-	694,352	563,046
TOTAL FIXED ASSETS		31,686,537	14,943,867	16,742,670	31,416,355
CURRENT ASSETS					
Investments - cash deposits	14	2,312,197	2,288,405	23,792	4,710,268
Trade and other debtors	15	271,941	-	271,941	198,050
Cash		1,839,674	-	1,839,674	741,680
		4,423,812	2,288,405	2,135,407	5,649,998
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	16	(848,302)	-	(848,302)	(1,373,728)
NET CURRENT ASSETS / (LIABILITIES)		3,575,510	2,288,405	1,287,105	4,276,270
TOTAL ASSETS LESS CURRENT LIABILITIES		35,262,047	17,232,272	18,029,775	35,692,625
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	17	(7,059,183)	-	(7,059,183)	(7,698,108)
NET ASSETS		28,202,864	17,232,272	10,970,592	27,994,517
Revenue reserve		25,393,460	14,422,868	10,970,592	25,303,409
Permanent endowment		2,809,404	2,809,404	-	2,691,108
TOTAL RESERVES		28,202,864	17,232,272	10,970,592	27,994,517

The financial statements on pages 14 to 32 were approved by the Trustees on 20th June 2024 and were signed on their behalf by:



A Malik - Chairman

LENCH'S TRUST

STATEMENT OF CHANGES IN RESERVES AT 31 December 2023

	Revenue reserve £	Permanent endowment £	Total £
BALANCE AT 1 JANUARY 2023	25,303,409	2,691,108	27,994,517
Surplus/ (deficit) from statement of comprehensive income	208,347		208,347
Transfer between reserves	(118,296)	118,296	-
BALANCE AT 31 DECEMBER 2023	<u>25,393,460</u>	<u>2,809,404</u>	<u>28,202,864</u>

	Revenue reserve £	Permanent endowment £	Total £
BALANCE AT 1 JANUARY 2022	25,227,109	2,623,209	27,850,318
Surplus/ (deficit) from statement of comprehensive income	144,199	-	144,199
Transfer between reserves	(67,899)	67,899	-
BALANCE AT 31 DECEMBER 2022	<u>25,303,409</u>	<u>2,691,108</u>	<u>27,994,517</u>

See page 14 for details regarding the surplus/ (deficit) from statement of comprehensive income.

The transfer between reserves is the amount of gains/ (losses) realised on disposal of investments within the capital portfolio transferred from the revenue reserve into the Permanent Endowment account.

LENCH'S TRUST

STATEMENT OF CASH FLOWS For the year ended 31 December 2023

	Notes	2023 £	2022 £
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	A	(327,543)	1,085,634
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends, Interest & Rent received		464,656	328,087
Interest paid		(130,362)	(152,300)
Housing loan (repaid)/ received		(500,721)	(478,340)
		<u>(166,427)</u>	<u>(302,553)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of housing properties (including components) (Note 10)		(680,010)	(1,023,885)
Purchase of other property, plant, equipment and investment properties		(305,102)	(322,166)
Decrease in investment deposits		2,398,070	1,020,158
Proceeds from sale of shared ownership		-	124,875
Proceeds from sale of Investments		510,559	285,655
Purchase of investments (Note 12)		(331,553)	(288,513)
		<u>1,591,964</u>	<u>(203,876)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS		1,097,994	579,205
Cash and cash equivalents at the beginning of the year		<u>741,680</u>	<u>162,475</u>
Cash and cash equivalents at the end of the year		<u><u>1,839,674</u></u>	<u><u>741,680</u></u>

A) RECONCILIATION OF OPERATING SURPLUS TO NET CASH INFLOW/ (OUTFLOW) FROM OPERATING ACTIVITIES

	2023 £	2022 £
Operating surplus/ (deficit) for the year	(28,947)	110,955
(Increase)/ decrease in debtors	(73,891)	136,526
Increase/ (decrease) in creditors	(548,297)	574,387
Depreciation	704,170	602,341
Amortisation of Government grant	(115,331)	(115,331)
Rents from investments	(265,247)	(223,244)
	<u>(327,543)</u>	<u>1,085,634</u>
Net cash (outflow)/inflow from operating activities		

LENCH'S TRUST**STATEMENT TO CASH FLOWS**

For the year ended 31 December 2023

ANALYSIS OF CHANGES IN NET DEBT

	At the start of the year	Cashflows	Fair value Movements	Other non- cash changes	At the end of the year
Cash	741,680	1,097,994			1,839,674
Short term current asset investments	120,438	(92,558)			27,880
Long term current asset investments	4,589,829	(2,368,910)			2,220,919
Borrowings within 1 year	(500,721)	(22,872)			(523,593)
Borrowings over 1 year	(2,684,106)	523,593			(2,160,513)
	2,267,120	(862,753)	-	-	1,404,367

LENCH'S TRUST

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2023

1. ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements are presented in Sterling (£) and are prepared under the historical cost convention, as modified to include certain items at fair value, in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council and comply with the Accounting Direction for Private Registered Providers of Social Housing 2022, the Statement of Recommended Practice for Registered Social Housing Providers 2018 (SORP) and the Housing and Regeneration Act 2008. Lench's Trust is a public benefit entity (PBE), as defined in FRS 102 and applies the relevant paragraphs prefixed "PBE" in FRS 102. The association is registered under the Companies Act 2006 and is a registered provider of social housing.

The principle activities of Lench's Trust are to provide housing to over 55's in the Birmingham area and to prevent or relieve poverty for our residents.

(b) Going Concern

Under the governance requirements, the Trustees confirm that after making enquiries they have a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the accounts.

Whilst the Trust are dealing with the Cost-of-Living crisis, the Senior Management & Executive team have taken steps to mitigate the impact these Challenges will have to the Organisation. The Service Charges have been revised for 2024/2025, to maximise the income across our Housing stock. Budgets and forecasts have been prepared for the current year, which show the Trust meeting its Banking Covenants and the cashflow remains in a strong position.

On this basis, the Board has a reasonable expectation that Lench's Trust has adequate resources to continue in operational existence for the foreseeable future, being a period of 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.

(c) Turnover

Turnover represents residents' contributions receivable in respect of Almshouses (net of losses from voids), rents receivable from investment properties, proceeds from first tranche shared ownership sales, revenue grants receivable from Local Authorities and Homes England, together with donations.

(d) Capital fund

The capital fund represents the original endowment of the Trustees together with subsequent accumulations. The capital now consists of freehold property, producing rental income, loans and investments.

(e) Income fund

All the Trust's income is accounted for through the income fund account.

(f) Recognition of housing properties and other fixed assets

Cost includes the cost of acquiring land and buildings, directly attributable development costs and borrowing costs directly attributable to the construction of new housing properties during the development. Capitalisation ceases when substantially all the activities that are necessary to get the asset ready for use are complete.

(g) Depreciation

Depreciation is charged to write down the cost of freehold housing properties to their estimated residual value on a straight-line basis over their expected useful economic lives as follows:

Freehold land	Not depreciated
Housing properties	100 or 50 years

Major components are treated as separable assets and depreciated over their estimated useful economic lives or the lives of the properties to which they relate, if shorter, at the following annual rates:

Roofs	50 years
Kitchens	10 years
Bathrooms	10 years
Boilers	10 years

LENCH'S TRUST

STATEMENT TO CASH FLOWS

For the year ended 31 December 2023

Windows & Doors 20 years

Depreciation is calculated to write off the cost of other property, plant & equipment (PPE) on a straight-line basis over their estimated useful lives at the following annual rates:

Office premises 30 years

Office equipment 5 years

Accommodation equipment 5 years

Motor vehicles 4 years

(h) Impairment of social housing properties

Properties held for their social benefit are not held solely for the cash inflows they generate and are held for their service potential.

An assessment is made at each reporting date as to whether an indicator of impairment exists. If such an indicator exists, an impairment assessment is carried out and an estimate of the recoverable amount of the asset is made. Where the carrying amount of asset exceeds its recoverable amount, an impairment loss is recognised in surplus or deficit in the Statement of Comprehensive Income. The recoverable amount of an asset is the higher of its value in use and fair value less costs to sell. Where assets are held for their service potential, value in use is determined by the present value of the asset's remaining service potential plus the net amount expected to be received from its disposal. Depreciated replacement cost is taken as a suitable measurement model.

An impairment loss is reversed if the reasons for the impairment loss have ceased to apply and included in surplus or deficit in the Statement of Comprehensive Income.

(i) Works to existing properties

Expenditure on housing properties which results in an enhancement of the economic benefits of the property is capitalised, in accordance with the requirements of the SORP.

(j) Social Housing Grant (SHG) other capital and government grants

Grants relating to assets are recognised as income on a systematic basis over the expected useful life of the asset. Grants received for housing properties are recognised as income over the expected useful life of the housing property structure.

Grants received from non-government sources are recognised as revenue using the performance model.

(k) Investments

Investments are measured at cost on initial recognition and subsequently at fair value as at the year-end, with changes in fair value recognised as a surplus or deficit in the Statement of Comprehensive Income.

(l) Investment properties

Investment properties consist of land and commercial properties not held for the social benefit but for use in the business.

Investment properties are measured at cost on initial recognition and subsequently at fair value as at the year end, with changes in fair value recognised in Statement of Comprehensive Income (revaluations are done every 3 years).

As at 31st December 2023, the investment properties were agreed by the Board of Trustees, to be held at the appropriate value, due to being revalued by Savills in 2022.

(m) Operating leases

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the lease term.

LENCH'S TRUST

STATEMENT TO CASH FLOWS

For the year ended 31 December 2023

(n) **Interest and financing costs**

Interest charges incurred on the financing of housing properties are capitalised up to the date of practical completion. Interest charges arising after that date are charged to the statement of comprehensive income. This is common practice and support by SORP.

(o) **Pensions**

The Trust operates defined contribution pension schemes, the costs of which are written off to the Statement of Comprehensive Income on an accrual basis. The assets of the schemes are held separately from those of the Trust in independently administered funds.

(p) **Shared ownership properties**

The Trust has adopted the SORP accounting treatment for shared ownership properties. All properties are split between fixed and current assets in line with the expectation relating to the first tranche sale percentage. The expected first tranche proportion is classified as a current asset until the point of the first tranche sale.

The current asset is then transferred to cost of sales and matched against sales proceeds within the operating surplus in the statement of comprehensive income. Any operating surplus is restricted to the overall surplus which takes account of the Existing Use Value – Social Housing (EUV-SH) of the remaining fixed asset element.

The remaining element of the asset is classified as a fixed asset and included in housing properties at cost, less any provision for depreciation or impairment.

(q) **Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand and demand deposits, together with other short term, highly liquid investments that are readily known amounts of cash and are subject to an insignificant risk of change in value.

(r) **Financial instruments**

Financial assets and financial liabilities are recognised when the Trust becomes a party to the contractual provisions of the instrument.

Financial assets carried at amortised cost

Financial assets carried at amortised cost comprise rent arrears, trade and other receivables and cash and cash equivalents. Financial assets are initially recognised at fair value plus directly attributable transaction costs. After initial recognition, they are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

If there is objective evidence that there is an impairment loss, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced accordingly.

A financial asset is derecognised when the contractual rights to the cash flows expire, or when the financial asset and all substantial risks and reward are transferred.

If an arrangement constitutes a financing transaction, the financial asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial liabilities carried at amortised cost

These financial liabilities include trade and other payables and interest bearing loans and borrowings.

Non-current debt instruments which meet the necessary conditions in FRS 102, are initially recognised at fair value adjusted for any directly attributable transaction cost and subsequently measured at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance costs in the Statement of Comprehensive Income. Discounting is omitted where the effect of discounting is immaterial.

A financial liability is derecognised only when the contractual obligation is extinguished, that is, when the obligation is discharged, cancelled or expires.

LENCH'S TRUST

STATEMENT TO CASH FLOWS
For the year ended 31 December 2023

Financing transactions

For rent arrears where the arrangement constitutes, in effect, a financing transaction because of extended credit arrangements the arrears are measured at the present value of the future payments discounted at an appropriate market rate of interest.

(s) Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the year end and is carried forward to future years.

2. SIGNIFICANT MANAGEMENT JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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 and in any future periods affected.

Significant management judgements

Depreciation and residual values

The Trustees have reviewed the asset lives and associated residual values of all fixed asset classes, and in particular, the useful economic life and residual values of properties, and have concluded that asset lives and residual values are appropriate.

Provisions and accruals

Management bases its judgements on the circumstances relating to each specific event and upon currently available information. However, given the inherent difficulties in estimating liabilities in these areas, it cannot be guaranteed that additional costs will not be incurred beyond the amounts accrued.

Estimation uncertainty

The Trust makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Investment property valuation

The Trust carries its investment properties at fair value and engages independent valuers to determine fair value using valuation techniques. The calculated fair value of the investment property uses assumptions which are subject to judgement, such as the estimated yield and the long-term vacancy rate. The carrying value of the Trust's investment properties can be found in note 11 of the financial statements.

LENCH'S TRUST

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2023

3. TURNOVER AND OPERATING COSTS

2023

	Turnover £	Operating costs £	Operating surplus/ (deficit) £
Income and expenditure from lettings (note 3a)	1,987,599	(1,604,321)	383,278
Other income and expenditure			
Care services	339,838	(474,603)	(134,765)
Catering services	74,751	(110,513)	(35,762)
Rents from investment properties	265,247	(27,806)	237,441
Management Charges	5,000	-	5,000
Donations	13	-	13
Other administrative costs	-	(484,152)	(484,152)
Total	<u>2,672,448</u>	<u>(2,701,395)</u>	<u>(28,947)</u>

2022

	Turnover £	Operating costs £	Operating surplus/ (deficit) £
Income and expenditure from lettings (note 3a)	1,901,853	(1,428,672)	473,181
Other income and expenditure			
Care services	276,968	(398,882)	(121,914)
Catering services	68,670	(90,869)	(22,199)
Rents from investment properties	223,244	(26,579)	196,665
Management Charges	5,000	-	5,000
Donations	-	-	-
Other administrative costs	7,000	(426,778)	(419,778)
Total	<u>2,482,735</u>	<u>(2,371,780)</u>	<u>110,955</u>

LENCH'S TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

3a. PARTICULARS OF INCOME AND EXPENDITURE FROM LETTINGS

	2023 £	2022 £
<i>Income from lettings</i>		
Housing contributions receivable net of voids - rented	1,777,035	1,684,113
- shared ownership	44,127	52,209
Other housing rent	51,106	50,200
Amortisation of SHG	115,331	115,331
Total income from lettings	1,987,599	1,901,853
<i>Expenditure from lettings</i>		
Housing accommodation:		
Services	185,059	174,443
Management	523,795	453,585
Depreciation of housing properties	652,945	574,684
Repairs and maintenance	242,522	225,960
Total housing operating costs	1,604,321	1,428,672
Operating surplus from lettings	383,278	473,181

Void losses for the year were £16,730 (2022: £16,288).

Included within housing contributions receivable is service charge income of £924,354 for the current year (2022: £754,597)

4. FINANCE INCOME

	2023 £	2022 £
Investment income	88,187	82,263
Bank interest	111,222	22,577
Total finance income	199,409	104,840

LENCH'S TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

5. SURPLUS ON DISPOSAL OF FIXED ASSETS

	2023 £	2022 £
Surplus on sale of quoted investments	188,488	81,218
Deficit on disposal of other fixed assets	(11,919)	(37,395)
	<u>176,569</u>	<u>43,823</u>

6. INTEREST AND FINANCING COSTS

	2023 £	2022 £
Bank loans not wholly repayable within five years	130,362	152,300
	<u>130,362</u>	<u>152,300</u>

7. SURPLUS ON ORDINARY ACTIVITIES

	2023 £	2022 £
Surplus on ordinary activities is stated after charging/(crediting):		
Depreciation of fixed assets	704,170	602,341
Amortisation of Government grants	(115,331)	(115,331)
Auditor's remuneration:		
In their capacity as auditor	12,250	12,250
Other services	4,667	5,030
Lease payments recognised as expense during the year	13,667	16,971
	<u>704,170</u>	<u>602,341</u>

8. STAFF COSTS

	2023 £	2022 £
Wages and salaries	1,095,610	939,126
Social security costs	85,530	73,129
Other pension costs	94,833	74,030
	<u>1,275,973</u>	<u>1,086,285</u>
Average number of full-time equivalent persons employed during the year:		
	Number	Number
Office	8	7
Other scheme staff	11	8
Care team	16	18
Catering team	3	3
Total employees	<u>38</u>	<u>36</u>

Average number of employees is calculated using the number of hours worked by each employee.
Full time hours are based on 35 hours per week.

LENCH'S TRUST

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023

11. FIXED ASSETS – Investment land and properties (Freehold)

	2023 £	2022 £
COST OR FAIR VALUE		
At 1 January	11,949,100	11,272,291
Revaluation	-	672,709
Additions	35,596	4,100
	<u>11,984,696</u>	<u>11,949,100</u>
At 31 December	<u>11,984,696</u>	<u>11,949,100</u>

Investment properties consist of land and commercial properties not held for the social benefit but for use in the business.

12. FIXED ASSETS – Listed investments

	2023 £	2022 £
<u>Income and Capital</u>		
Cost:		
At 1 January	2,457,253	2,373,180
Additions	331,553	288,510
Disposals	(322,071)	(204,437)
	<u>2,466,735</u>	<u>2,457,253</u>
At 31 December	<u>2,466,735</u>	<u>2,457,253</u>

	Cost		Market value	
	2023 £	2022 £	2023 £	2022 £
British Government fixed interest investments	32,454	21,500	30,023	18,450
Other listed investments	<u>2,434,281</u>	<u>2,435,753</u>	<u>3,208,282</u>	<u>3,218,695</u>
Total investments	<u>2,466,735</u>	<u>2,457,253</u>	<u>3,238,305</u>	<u>3,237,145</u>

	2023 £	2022 £
Market Value:		
At 1 January	3,237,145	3,788,900
Add: Additions to investment at cost	331,553	288,510
Less: Disposals at carrying value	(322,071)	(204,437)
(Less)/add: Change in fair value of investments	(8,322)	(635,828)
At 31 December	<u>3,238,305</u>	<u>3,237,145</u>

LENCH'S TRUST

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2023

9. CHIEF EXECUTIVE'S EMOLUMENTS

	2023 £	2022 £
Chief executive's salary	78,931	73,167
Chief executive's pension contributions	6,768	7,316
Employer's NI	8,720	8,651

The emoluments of chief executive disclosed above, excluding pension contributions, include amounts paid to:

The highest paid employee	78,931	73,167
---------------------------	--------	--------

The Chief Executive is classified as key management personnel and is a member of the Trust's defined contribution pension scheme on the same terms as all other employees, no special terms apply.

The Trustees do not receive any emoluments and no expenses were reimbursed to Trustees during the year (2021: nil).

The full-time equivalent number of staff who received remuneration greater than £60,000 (including the executive team):

	2023 Number	2022 Number
£70,000 - £80,000	1	1

10. FIXED ASSETS – Housing properties

	Completed £	Shared ownership £	Total £
COST			
At 1 January 2023	18,967,761	804,624	19,772,385
Additions	680,010	-	680,010
Re-purchase of properties	230,500	(230,500)	-
Disposals	(42,603)	-	(42,603)
At 31 December 2023	19,835,668	574,124	20,409,792
DEPRECIATION			
At 1 January 2023	3,943,495	161,826	4,105,321
Charge for year	593,346	11,996	605,342
Disposals	(30,684)	(39,371)	(70,055)
At 31 December 2023	4,506,157	134,451	4,640,608
NET BOOK VALUE			
At 31 December 2023	15,329,511	439,673	15,769,184
At 31 December 2022	15,024,266	642,798	15,667,064

All housing properties are freehold.

LENCH'S TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

13. OTHER PROPERTY, PLANT & EQUIPMENT

	Office premises £	Office and accommodation equipment £	Motor vehicles £	Total £
COST				
At 1 January 2023	242,110	797,937	63,079	1,103,126
Additions	1,933	255,375	12,196	269,504
Disposals	-	(9,913)	-	(9,913)
At 31 December 2023	<u>244,043</u>	<u>1,043,399</u>	<u>75,275</u>	<u>1,362,717</u>
DEPRECIATION				
At 1 January 2023	32,428	478,201	29,451	540,080
Depreciation for the year	8,103	116,102	13,993	138,198
Disposals	-	(9,913)	-	(9,913)
At 31 December 2023	<u>40,531</u>	<u>584,390</u>	<u>43,444</u>	<u>668,365</u>
NET BOOK VALUE				
At 31 December 2023	<u>203,512</u>	<u>459,009</u>	<u>31,831</u>	<u>694,352</u>
At 31 December 2022	<u>209,682</u>	<u>319,736</u>	<u>33,628</u>	<u>563,046</u>
Depreciation rates	3.33%	20%	25%	

14. CURRENT ASSET INVESTMENTS

	2023 £	2022 £
Charities Deposit Fund and National Savings Bank Investment Account redeemable within one year and funds held by Broker pending investment.		
Capital fund	39,605	59,018
Income fund	<u>2,272,592</u>	<u>4,651,250</u>
	<u>2,312,197</u>	<u>4,710,268</u>

15. DEBTORS

	2023 £	2022 £
<i>Income fund</i>		
Trade debtors	74,362	55,412
Prepayments and accrued income	185,606	121,530
Other debtors	<u>11,973</u>	<u>21,108</u>
	<u>271,941</u>	<u>198,050</u>

LENCH'S TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

16. CREDITORS (AMOUNTS FALLING DUE WITHIN ONE YEAR)

<i>Income fund</i>	2023 £	2022 £
Housing loans	523,593	500,721
Trade creditors	120,980	681,997
Taxation and social security	20,339	18,674
Accruals and deferred income	57,683	51,237
Other creditors	10,376	5,768
Government grants (note 20)	115,331	115,331
	<u>848,302</u>	<u>1,373,728</u>

17. CREDITORS (AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR)

<i>Income fund</i>	2023 £	2022 £
Housing loans		
Lloyds Bank loan	2,160,513	2,684,106
Total housing loans	2,160,513	2,684,106
Government grants (note 20)	4,898,670	5,014,002
	<u>7,059,183</u>	<u>7,698,108</u>
<i>Analysis of Housing loans:</i>		
Amounts repayable by instalments, not wholly repayable within five years:		
Repayable within five years	1,737,710	1,918,858
Repayable after five years	422,803	765,248
	<u>2,160,513</u>	<u>2,684,106</u>

The housing loan from Lloyds Bank are secured by specific charges on the Trust's housing properties (1st charge over Lench's Close, dated 27th January 2015/ 1st charges over William Lench Court, dated 20th June 2014) and are repayable at a fixed rates of interest of 4.2% and 5.2%.

LENCH'S TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

18. FINANCIAL INSTRUMENTS

The carrying values of the Company's financial assets and liabilities are summarised by category below:

	2023 £	2022 £
Financial assets		
Measured at fair value through Statement of Comprehensive Income		
• Listed investments (see note 12)	3,238,305	3,237,145
• Investment properties (see note 11)	11,984,696	11,949,100
	<u>2023</u>	<u>2022</u>
	£	£
Financial liabilities		
Measured at amortised cost		
• Loans payable (see notes 16 & 17)	2,684,106	3,184,827
Measured at undiscounted amount payable	131,356	687,765
• Trade and other creditors (see note 16)	<u>131,356</u>	<u>687,765</u>

19. DEFERRED INCOME – GOVERNMENT GRANTS

	2023 £	2022 £
At 1 January	5,129,334	5,244,666
Grants receivable		
Amortisation to statement of comprehensive income	(115,331)	(115,331)
At 31 December	<u>5,014,003</u>	<u>5,512,335</u>
Due < 1 year	115,333	115,333
Due > 1 year	<u>4,898,670</u>	<u>5,014,002</u>

The cumulative amount of SHG received by the Trust is £6,749,124.

20. ACCOMMODATION IN MANAGEMENT

At the year end accommodation in management was as follows:

	2023 Number	2022 Number
Supported Housing (Extra Care)	87	86
Housing for older people	88	88
Shared ownership	8	9
Total units owned and managed	<u>183</u>	<u>183</u>

There were no units in development at the year-end (2022: nil).

LENCH'S TRUST

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2023

21. LEGISLATIVE PROVISIONS

The Trust is an Almshouse Charity registered by a Scheme of the Charity Commissioners and registered in England and Wales under the Companies Act 2006.

22. RELATED PARTY TRANSACTIONS

There are no related party transactions to report.

23. OPERATING LEASE COMMITMENTS

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2023	2022
	£	£
Payments due: -		
Within one year	13,667	16,971
Between one and five years	5,162	18,829
	<u>18,829</u>	<u>35,800</u>

24. PENSION COMMITMENTS

The charity operates defined contribution retirement benefit schemes for all qualifying employees.

The total expense charged to the statement of comprehensive income in the year ended 31 December 2023 was £90,017 (2022: £74,030). Contributions of £Nil (2022: Nil) were payable to the fund at the Balance Sheet date and were included within creditors due within one year.

LENCH'S TRUST

England & Wales - Charity number 1145847

Accounts

Registered number: 7860164

**LENCH'S TRUST
(Limited by Guarantee)**

Financial Statements

For year ended 31 December 2022

LENCH'S TRUST

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LENCH'S TRUST

TRUST INFORMATION

TRUSTEES

Mr Abdul Malik (Chairman)
Mr R Moxon (Appointed 19th May 2022) (Deputy Chair)
Ms Rachel Chiu
Mr T Storrow
Mr T Cuthbertson
Ms S Davis
Ms R Evans
Mr A O Sholuade
Ms A White (Appointed 19th May 2022)
Mrs Rachel Mander (Appointed 16th March 2023)
Mr A Guest (Retired 19th May 2022)
Mr R Sarjeant (Retired 19th May 2022)
Ms B Ingram (Retired 17th November 2022)
Mr S Hossain (Deceased 19th April 2023)

CHIEF EXECUTIVE

Jean-Luc Priez

REGISTERED OFFICE

William Lench Court
80 Ridgacre Road
Quinton
Birmingham
B32 2AQ

REGULATOR OF SOCIAL HOUSING NO.

A2074

REGISTERED CHARITY NO.

1145847

COMPANIES HOUSE REGISTERED NO.

7860164

AUDITOR

Mazars LLP
2 Chamberlain Square
Birmingham
B3 3AX

BANKERS

Lloyds Bank Plc
114-116 Colmore Row
Birmingham
B3 3BD

INVESTMENT ADVISORS

Evelyn Partners
103 Colmore Row
Birmingham
B3 3AG

LENCH'S TRUST

STRATEGIC REPORT

TRUSTEES

Lench's Trust is an Almshouse Charity regulated by a scheme of the Charity Commissioners, charity registration number 1145847. It is also a Registered Provider of Social Housing and Care which means it is subject to monitoring by the Regulator of Social Housing (RSH) as well as the Care Quality Commission (CQC). The Trust are also registered under the Companies Act 2006, limited by guarantee.

It was founded in 1525 by William Lench, a tanner, for the benefit of the Citizens of Birmingham. For some 300 years, the work of the Trust was divided between the maintenance of streets and bridges and the care of the elderly and poor. With the incorporation of Birmingham in 1838 the Trustees became solely providers of Almshouses. Our policy is to provide care, according to our scheme, for people who are resident in the City, over 55 years of age and necessitous.

The scheme specifies twelve Trustees and their duties are to provide care for our residents to meet their needs and to give consideration to other possibilities of care as finances and facilities become available. The financial policy of the Trustees is to maintain and improve the value of their endowment for the use of future generations and to make further financial resources available for the progressive expansion of the Trust's caring activities.

The management of the Trust is led by a Chief Executive and a small team of office staff, with day to day care and Almshouse staffing carried out by our team of scheme managers. The Trustees also have a group of befrienders for each Almshouse who get to know our residents individually and play a major part with the scheme managers in offering companionship and seeking out their needs.

Our capacity and occupancy on 31 December 2022 was: -

	Units of accommodation	Number of residents
Lench's Close	64	67
Tanner's Close	24	26
William Lench Court	95	107
	183	200

All the properties have units which can accommodate couples, and this is reflected in the number of residents shown.

RISK MANAGEMENT

The Trustees have assessed the major risks to which the Charity is exposed, in particular those related to the operations and finances of the Charity and are satisfied that there are systems in place to mitigate exposure to major risks.

FUTURE DEVELOPMENTS

The Trustees have approved a 5-year capital programme, which includes the development our property in Highgate, which is currently being used by St Basil's. This development will add between 20-22 properties to the Trust's housing stock, none of which will be shared ownership.

LENCH'S TRUST – CHAIRMAN'S REPORT

As my tenure as Chairman of Lench's Trust comes to an end in 2023, I am pleased to take stock and share the significant progress we have achieved in the past year.

Firstly, I would like to extend my heartfelt appreciation to the retiring Trustees, Tony Guest, Richard Sarjeant, and Beverly Ingram. I am grateful for the support and guidance they shared as I settled into my role. Tony, our longest-serving Trustee who was elected in 2007, has been a constant source of support and I am truly grateful for his contributions to Lench's Trust over the years. Richard has also been a stalwart on the Board, and I will always be appreciative of his willingness to share his expertise. Beverly brought extensive experience from her time with the NHS which helped guide our care team. Thank you all for your service and commitment to Lench's Trust.

We welcomed three new members to the Lench's Trust team. Alison White and Richard Moxon join us as Trustees, and Michelle Hadley as our new Housing Manager. Alison has been a valuable auditor for Lench's Trust during her time at Mazars and brings a wealth of knowledge and experience to our team. Richard previously managed our investment properties whilst working at Pennycuik Collins and is an expert in the field. Michelle comes with a solid

LENCH'S TRUST

STRATEGIC REPORT

career in housing and will be an asset to our team as our new Housing Manager. We are excited to welcome them all to the Lench's Trust family.

Sadly, we mourn the passing of Marion O'Mara, our Scheme Manager at Tanner's Close for over 25 years, after a long illness. She is dearly missed by all at the Trust. Lynn Redmond, who had been covering for Marion during her illness, is now confirmed as the new Scheme Manager.

In the latter part of 2022, we replaced all internal fire doors at Lench's Close and Tanner's Close and brought them up to date with the latest fire regulations. The work has been done in partnership with JHD, one of Lench's Trust's preferred contractors, and total costs came in at £558k

We are also proud to announce that in partnership with a resident at Lench's Close, we have reconfigured a flat to make it fully accessible for wheelchair users. Following this successful conversion, we have adopted a plan to undertake this work when voids arise, up to two per year within the budget.

Moreover, at the latter part of 2022, we commissioned a new communication system at William Lench Court, most of the work was completed by the end of 2022, however it will be in use by our residents, early 2023, and we plan to install it later in 2023 at Lench's Close and Tanner's Close.

In September 2022, the Board of Trustees and Senior Management Team held a successful away day, during which we discussed succession planning and how we can continue to live the Trust's values and ethos. We plan to initiate succession planning for the Board of Trustees as a number of our long-serving Trustees will be retiring over the next few years. We were delighted to appoint our new CEO, Dominic Bradley who will take over from Jean-Luc Priez, after an incredible 17 years at the Trust. Dominic will begin his role as CEO in June.

Looking ahead, I am confident that Lench's Trust will continue to thrive and provide vital support for our residents. I have no doubt that the Trust will be in excellent hands with our newly appointed CEO and the talented individuals who make up our staff and Board. I would like to extend my gratitude to you all for going the extra mile for our residents.

I am excited to see the Trust continue to grow and evolve in the years to come, building on our mission to help our residents live meaningful lives in vibrant, caring, and safe communities.

Finance Report 2022

The operational surplus from lettings decreased to £473,181 from £584,979 due to increased costs, primarily a planned increase in repairs and maintenance.

Net rental income from investment properties increased to £196,665 from £73,633 in 2021. The income from the ground rent on Lancaster Circus has been received for the full year (increasing by £33k), along with the rental income from Gallan Parking, on Vesey Street improving by £20k year on year. These income streams along with the abortive fees during 2021, have meant there has been a considerable difference in the net income from 2021 to 2022.

Administrative costs have increased from £387,249 in 2021 to £426,778 due to increase in staff within head office, through 2022, along with the cost-of-living vouchers we gave to employees October to December 2022.

Below the operating surplus, finance income has decreased to £104,840 from £116,561 in 2021, this has been due to having a lump sum in a 2-year fixed account for part of 2021, therefore receiving higher interest than the account the sums have been moved to for 2022. Throughout the first 8 months of 2022, we saw the interest rates rise from 0.10% to 0.25%, however, by the end of 2022 the interest rates have significantly increased to 1.75%, meaning the decrease in finance income has been limited. There has also been a decrease in surplus on sale of quoted investments from £225,175 to £81,218, mainly due to the market value changes regarding investments.

Total reserves increased marginally from £27.85m to £27.99m, due to the change in fair value of investments.

Investment Properties

In August 2022, we gave notice to St Basil's that we intend to take back Conybere Gardens to re-develop it for our beneficiaries. We are grateful to St Basil's for accommodating many young homeless people at the scheme since early 2006 and providing critical support. We are currently working with Charles Cox, architect, and Adrian Roderick, chartered surveyor at Pennycuik Collins, to refurbish the property to high standards, with the aim of opening it for our beneficiaries in late 2024.

LENCH'S TRUST

STRATEGIC REPORT

We are having ongoing discussions regarding the sale of our investment property at Lancaster Gate with various parties and are hopeful for a fruitful outcome in the coming years.

Wellbeing of residents

We are proud to continue to keep the well-being of our residents front of mind, with activities taking place across all our schemes to ensure the environment remains lively.

We are making good progress on our ambitious capital development project earmarked for 2022-2025 and as mentioned, we've made substantial progress on the installation of new call systems and the replacement of the internal fire doors at all our schemes.

Our Heritage

Preparations for our 500th anniversary in 2025 continue to go smoothly.

This year our Founder's Day Tea Party took place on the 30th of March (marking when William Lench signed the deed of Trust on the 11th of March). It was great to celebrate the day again with our residents after some absence due to Covid-19.

VALUE FOR MONEY (VFM) & BENCHMARKING

Introduction

Lench's Trust is committed to the principle and delivery of VFM as defined by the RSH, which requires the Trust to "articulate and deliver a comprehensive and strategic approach to achieving VFM in meeting its organisational objectives".

The Board of Lench's Trust has overall responsibility for direction and governance.

Achieving VFM

Achieving VFM is fundamental to the attainment of Lench's Trust's key strategic goal to "develop vibrant, caring and safe communities for the benefit of the community served by the Trust" and to achieve this, the Trust has adopted several objectives which are further detailed and developed in the Annual Plans over the life cycle of its Ten-Year Strategy (2015-2025).

The Board and Executive Team are working to embed VFM principles within the organisation at all levels through active engagement with staff, residents, and other key stakeholders.

Benchmarking

Critical to the success in achieving VFM is benchmarking the Trust's performance with other housing providers. To this end, Lench's Trust joined a local benchmarking club under the auspices of HouseMark and uses HouseMark's benchmarking service to compare how the Trust performs with other housing providers of similar size.

In general, the outcomes from benchmarking highlight areas of strength and weakness, indicate whether the right balance between cost and quality has been obtained, and provide a point of reference for necessary business improvements.

Lench's Trust is committed to giving the beneficiaries of the Charity the best service that it can with the resources available, and therefore is actively engaged with the benchmarking club to assess its performance and highlight areas for change and improvement.

Quality Performance

Lench's Trust is committed to continued ongoing engagement with the beneficiaries of the Charity to better understand the nature of any dissatisfaction and feed this back to housing staff and maintenance contractors to improve service delivery to residents and their homes. Meaningful engagement with customers and repairs contractors helps to reduce costs, improve efficiency (by reducing waste) and raise effectiveness (by doing the right things).

Additionally, Lench's Trust realises the value of increased engagement with residents to foster better relations, minimise misunderstandings, address areas of concern, revise methods of working and service delivery – this is achieved through various means of engagement such as Residents Committees on each scheme and a Trust-wide Scrutiny Group.

Value for Money Metrics			
Reinvestment %	2021	2022	Sector Median*
This metric looks at LT's investment in existing properties. This is calculated as a percentage of the value of total housing properties.	1%	6.5%	2.8%
The reinvestment % for LT is at 6.5% for 2022, this is above the sector median of 2.8%. We have been able to reach this % due to our capital programme that started within 2022, replacing fire doors throughout two of our Schemes, along with replacing boilers in each apartment at another of our Schemes. 2023 is set to stay at a similar rate with our capital improvement programme moving across our Schemes, to introduce a new warden call system, which will integrate the Schemes.			
New supply delivered (social housing) as a % of total stock	2021	2022	Sector Median*
This sets out the number of new social housing units that have been acquired or developed in the year as a proportion of total units. LT do not develop non-social units.	0%	0%	0%
LT have not developed any new units within 2022, however, there are plans for an extra 20-22 apartments to be part of another scheme, which will start being built at the end of 2023, with vision of completing late 2024/ early 2025.			
Gearing %	2021	2022	Sector Median *
This ratio sets out the proportion of borrowing compared with assets. A high gearing % could indicate that we have taken on too much borrowing however low gearing could indicate that we have capacity to borrow.	24.09%	20.3%	16.53%
Our gearing at 20.3%, is higher than the sector median of 16.53%, however, our banking covenants request under 40%, therefore we are well within our limits.			
Headline social housing cost per unit	2021	2022	Sector Median *
The unit cost metric assesses the headline social housing cost per unit as defined by the regulator of social housing	£4,338	£4,667	£4,774
Headline social housing cost per unit has increased by £329 p.a compared with 2021. There has been an increase in all costs included within the headline costs, including management and repairs & maintenance, bringing us more in line with the recent median sector. There has been a lot of work done over the last 12 months to make sure our heating systems are working efficiently and effectively to help our residents with the cost of living, which have increased these costs.			
Operating Margin % Social Housing	2021	2022	Sector Median*
This % is an indicator of operating efficiency and business health as it measures the amount of surplus generated from turnover on our day-to-day activities.	32%	27%	16.99%
Our social housing operating margin has decreased from 32% in 2021 to 27% in 2022			
Although turnover from Weekly Maintenance Charges have increased from 2021 to 2022, we have seen an increase in costs across the board, as well as having repairs & maintenance, like we have touched on above, we have also had price increases from our utilities.			

*Sector Median taken from the West Midlands Smaller Housing benchmarking group figures for 2021/22.

LENCH'S TRUST

STRATEGIC REPORT

FINANCIAL REPORT 2022

FIXED ASSETS

The net book value of housing properties is £15.7m.

CURRENT ASSETS

Current assets are at £5.6m, comprised mainly of investment cash deposits of £4.7m, which will be used in our Capital Commitments programme along with developments for the Trust.

CREDITORS

Creditors due within one year are £1.4m, this includes housing property loans of £501k.

FUNDS

The Trust's total funds at 31 December 2022 were £28m.

RESERVES POLICY

The Trustees have reviewed the Trust's need to retain free available reserves, defined as total assets less current liabilities in the Income Fund before deducting short term housing loans and less tangible assets comprising both housing properties and other fixed assets. The Trustees consider it prudent to retain funds equivalent to 6 months annual operating expenditure for the provision of the working capital needed to run the Trust efficiently and for unexpected contingencies. This amounts to approximately £1.1m. At the year-end free reserves are £828k.

STATEMENT OF COMPREHENSIVE INCOME

The surplus for the year was £144k, which is a considerable difference to 2021, where we had a surplus of £440k. We have seen a significant change in the fair value of investments during 2022, which has led to this change.

INVESTMENT POLICY

The Trustees' investment policy is to look for long term holdings without undue risk and for an income which will grow in real terms.

INFLATION AND COST-OF-LIVING CRISIS

The cost-of-living crisis continues to have a significant impact on our residents and the work we are able to do as a housing provider. The Trust are continually reviewing contracts and budgets to make sure our residents are well cared for during this unstable time. The increase in energy prices have not affected the majority of our residents, due to the Trust being able to fix prices for 3 years from November 2021 and we have made sure all our residents have access to grants, should they need it.

GOING CONCERN

Under the governance requirements, the Trustees confirm that after making enquiries they have a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the accounts.

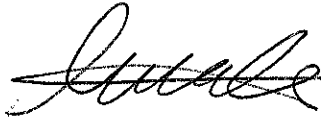
Whilst the Inflationary issues and cost of living crisis has brought additional challenges, the board have prepared forecasts for the current year which show that the Trust will meet its Bank Covenants and the cash flow remains strong.

LENCH'S TRUST

STRATEGIC REPORT

On this basis, the Board has a reasonable expectation that Lench's Trust has adequate resources to continue in operational existence for the foreseeable future, being a period of 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.

Approved by the Trustees on 18th May 2023
and signed on their behalf by

A handwritten signature in black ink, appearing to read 'A Malik', is written over a horizontal line.

A Malik
Chairman

LENCH'S TRUST

STRATEGIC REPORT

INTERNAL FINANCIAL CONTROL

The Trustees have overall responsibility for the Trust's system of internal financial control, the effectiveness of which has been reviewed and reported on to the Trustees by the Finance Committee. The principal elements of the system, which is designed to recognise the specific characteristics and objectives of the Trust and the risks to which it is exposed, include:

- a clearly defined structure which delegates authority, responsibility and accountability, including responsibility for internal financial control to management;
- a well-established budgeting and reporting function, with budgets and results reviewed at a senior level within the Trust to provide a timely and regular monitoring of financial performance;
- an investment evaluation process to ensure Trustees' approval for all major capital expenditure commitments; and
- a regular review procedure carried out by the Trust of its risk exposure and of the systems of internal financial control in place to mitigate those risks, with annual reports of findings to the Trustees.

Internal financial control, by its nature, provides only reasonable and not absolute assurance against material misstatement or loss.

COMPLIANCE WITH THE REGULATOR'S GOVERNANCE AND FINANCIAL VIABILITY STANDARD

The Trustees confirm that the Trust complies with the Requirements of the revised Governance and Financial Viability Standard applicable for the year.

CODE OF GOVERNANCE

The Trust uses the regulator of social housing code of governance. Which means we must follow three economic standards, which consists of Governance and Financial Viability/ Value for Money and Rent.

The Trust have complied with all relevant provisions set out in the UK Corporate Governance Code throughout the accounting period.

RISK MANAGEMENT

Refer to strategic report page 2.

FUTURE DEVELOPMENTS

Refer to strategic report pages 2 and 3.

TRUSTEES

The Trustees are as set out on page 1.

TRUSTEES RESPONSIBILITIES

Social housing legislation requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of the Trust as at the end of the financial year and of the income and expenditure of the Trust for the year ended on that date. In preparing those financial statements, suitable accounting policies have been used, framed to the best of the Trustees' knowledge and belief, by reference to reasonable and prudent judgements and estimates, and applied consistently. Applicable accounting standards have been followed. The Trustees are also required to indicate where the financial statements are prepared other than on the basis that the Trust is a going concern.

The Trustees are responsible for ensuring that arrangements are made for keeping proper books of account with respect to the Trust's transactions and its assets and liabilities and for maintaining a satisfactory system of control over the Trust's books of account and transactions. The Trustees are also responsible for ensuring that arrangements are made to safeguard the assets of the Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

LENCH'S TRUST

STRATEGIC REPORT

TRUSTEES' LIABILITY INDEMNITY

All Trustees of the charity benefit from a 'Trustees Liability Insurance' policy operated through our insurers which provides £250,000 of cover.

DISCLOSURE OF INFORMATION TO THE AUDITOR

There is no relevant audit information outstanding of which the auditors are unaware and we have taken all the steps we ought to have taken to make ourselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Approved by the Trustees on 18th May 2023
and signed on their behalf by

A handwritten signature in black ink, appearing to read 'A Malik', followed by a horizontal line extending to the right.

A Malik
Chairman

INDEPENDENT AUDITOR'S REPORT
For the year ended 31 December 2022

Opinion

We have audited the financial statements of Lench's Trust (the 'company') for the year ended 31 December 2022 which comprise Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Reserves, Statement of Cashflows and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, FRS 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 company's affairs as at 31 December 2022 and of its surplus 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, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

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

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

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT
For the year ended 31 December 2022

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 strategic report and the Boards' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the Boards' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Boards' 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 Boards' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Board

As explained more fully in the Trustees' responsibilities statement set out on page 8, the Board 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 Board 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 Board are responsible for assessing the 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 Board either intend to liquidate the 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 the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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.

INDEPENDENT AUDITOR'S REPORT

For the year ended 31 December 2022

Based on our understanding of the company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation, anti-money laundering regulation.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation, the Companies Act 2006, Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

In addition, we evaluated the Board and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to revenue recognition (which we pinpointed to the cut-off assertion), and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the Board and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

LENCH'S TRUST

INDEPENDENT AUDITOR'S REPORT

For the year ended 31 December 2022

Use of the audit report

This report is made solely to the 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 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 company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

~~David Hoose~~

[David Hoose \(Jun 27, 2023 13:44 GMT+1\)](#)

David Hoose (Senior Statutory Auditor) for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

2 Chamberlain Square

Birmingham

B3 3AX

Date: Jun 27, 2023

LENCH'S TRUST**STATEMENT OF COMPREHENSIVE INCOME****FOR THE YEAR ENDED 31 December 2022**

	Notes	2022 £	2021 £
TURNOVER	3	2,482,735	2,250,075
Operating expenditure	3	<u>(2,371,780)</u>	<u>(2,188,304)</u>
OPERATING SURPLUS	3	110,955	61,771
Finance income	4	104,840	116,561
Interest and financing costs	6	(152,300)	(174,676)
Surplus on disposal of fixed assets	5	43,823	214,413
Change in fair value of investments	11/12	<u>36,881</u>	<u>222,028</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>144,199</u>	<u>440,097</u>

The financial statements on pages 14 to 31 were approved by the Trustees on 18th May 2023 and were signed on their behalf by:



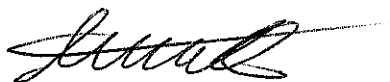
A Malik - Chairman

LENCH'S TRUST

**STATEMENT OF FINANCIAL POSITION
AT 31 December 2022**

	Notes	2022 Total £	Capital Fund £	Income Fund £	2021 Total £
TANGIBLE FIXED ASSETS					
Housing properties – cost less depreciation	10	15,667,064	-	15,667,064	15,203,971
Investment properties	11	11,949,100	11,949,100	-	11,272,291
Investments	12	3,237,145	2,772,300	464,845	3,788,900
Other property, plant & equipment	13	563,046	-	563,046	323,981
TOTAL FIXED ASSETS		31,416,355	14,721,400	16,694,955	30,589,143
CURRENT ASSETS					
Investments - cash deposits	14	4,710,268	4,676,140	34,128	5,730,426
Stock	16	-	-	-	124,875
Trade and other debtors	15	198,050	-	198,050	334,576
Cash		741,680	-	741,680	162,475
		5,649,998	4,676,140	973,858	6,352,352
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	17	(1,373,728)	-	(1,373,728)	(777,707)
NET CURRENT ASSETS / (LIABILITIES)		4,276,270	4,676,140	(399,870)	5,574,645
TOTAL ASSETS LESS CURRENT LIABILITIES		35,692,625	19,397,540	16,295,085	36,163,788
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	18	(7,698,108)	-	(7,698,108)	(8,313,470)
NET ASSETS		27,994,517	19,397,540	8,596,977	27,850,318
Revenue reserve		25,303,409	16,706,432	8,596,977	25,227,109
Permanent endowment		2,691,108	2,691,108	-	2,623,209
TOTAL RESERVES		27,994,517	19,397,540	8,596,977	27,850,318

The financial statements on pages 14 to 31 were approved by the Trustees on 18th May 2023 and were signed on their behalf by:



A Malik - Chairman

LENCH'S TRUST**STATEMENT OF CHANGES IN RESERVES
AT 31 December 2022**

	Revenue reserve £	Permanent endowment £	Total £
BALANCE AT 1 JANUARY 2022	25,227,109	2,623,209	27,850,318
Surplus/ (deficit) from statement of comprehensive income	144,199		144,199
Transfer between reserves	(67,899)	67,899	-
BALANCE AT 31 DECEMBER 2022	<u>25,303,409</u>	<u>2,691,108</u>	<u>27,994,517</u>

	Revenue reserve £	Permanent endowment £	Total £
BALANCE AT 1 JANUARY 2021	25,001,148	2,409,073	27,410,221
Surplus/ (deficit) from statement of comprehensive income	440,097	-	440,097
Transfer between reserves	(214,136)	214,136	-
BALANCE AT 31 DECEMBER 2021	<u>25,227,109</u>	<u>2,623,209</u>	<u>27,850,318</u>

See page 14 for details regarding the surplus/ (deficit) from statement of comprehensive income.

The transfer between reserves is the amount of gains/ (losses) realised on disposal of investments within the capital portfolio transferred from the revenue reserve into the Permanent Endowment account.

LENCH'S TRUST

STATEMENT OF CASH FLOWS
For the year ended 31 December 2022

	Notes	2022 £	2021 restated £
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	A	1,085,634	721
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends, Interest & Rent received		328,087	282,082
Interest paid		(152,300)	(174,676)
Housing loan (repaid)/ received		(478,340)	(456,797)
		(302,553)	(349,391)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of housing properties (including components)		(1,023,885)	(152,263)
Purchase of other property, plant, equipment and investment properties		(322,166)	(86,470)
Decrease in investment deposits		1,020,158	530,554
Proceeds from sale of shared ownership		124,875	-
Proceeds from sale of Investments		285,655	486,584
Purchase of investments		(288,513)	(462,441)
		(203,876)	315,964
NET CHANGE IN CASH AND CASH EQUIVALENTS		579,205	(32,706)
Cash and cash equivalents at the beginning of the year		162,475	195,181
Cash and cash equivalents at the end of the year		741,680	162,475

A) RECONCILIATION OF OPERATING SURPLUS TO NET CASH INFLOW/ (OUTFLOW) FROM OPERATING ACTIVITIES

	2022 £	2021 £
Operating surplus for the year	110,955	61,771
(Increase)/ decrease in debtors	136,526	(132,435)
Increase/ (decrease) in creditors	574,387	(20,716)
Movement in stock	-	(91,125)
Depreciation	602,341	464,081
Amortisation of Government grant	(115,331)	(115,331)
Rents from investments	(223,244)	(165,524)
Net cash (outflow)/inflow from operating activities	1,085,634	721

LENCH'S TRUST**STATEMENT OF CASH FLOWS****For the year ended 31 December 2022****ANALYSIS OF CHANGES IN NET DEBT**

	At the start of the year	Cashflows	Fair value Movements	Other non- cash changes	At the end of the year
Cash	162,475	579,205			741,680
Short term current asset investments	461,714	(341,276)			120,438
Long term current asset investments	5,268,712	(678,883)			4,589,829
Overdraft	-	-			-
Borrowings within 1 year	(479,030)	(21,691)			(500,721)
Borrowings over 1 year	(3,184,137)	500,031			(2,684,106)
Finance leases	-				
	2,229,734	37,386	-	-	2,267,120

Prior year restatement

The prior year comparatives of cash and cash equivalents previously included short term and long-term current asset investments, which are not classified as readily available cash and should have been excluded for the purposes of the cashflow statement. The prior year comparatives have been restated to exclude these amounts. The amendments do not have an impact on net assets or the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

1. ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements are presented in Sterling (£) and are prepared under the historical cost convention, as modified to include certain items at fair value, in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council and comply with the Accounting Direction for Private Registered Providers of Social Housing 2022, the Statement of Recommended Practice for Registered Social Housing Providers 2018 (SORP) and the Housing and Regeneration Act 2008. Lench's Trust is a public benefit entity (PBE), as defined in FRS 102 and applies the relevant paragraphs prefixed "PBE" in FRS 102. The association is registered under the Companies Act 2006 and is a registered provider of social housing.

The principle activities of Lench's Trust are to provide housing to over 55's in the Birmingham area and to prevent or relieve poverty for our residents.

(b) Going Concern

Under the governance requirements, the Trustees confirm that after making enquiries they have a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the accounts.

Whilst we have seen additional pressures due to the current economic climate, the board have prepared forecasts for the current year which show that the Trust will meet its Bank Covenants in the current year and that cash flow remains strong.

On this basis, the Board has a reasonable expectation that Lench's Trust has adequate resources to continue in operational existence for the foreseeable future, being a period of 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.

(c) Turnover

Turnover represents residents' contributions receivable in respect of Almshouses (net of losses from voids), rents receivable from investment properties, proceeds from first tranche shared ownership sales, revenue grants receivable from Local Authorities and Homes England, together with donations.

(d) Capital fund

The capital fund represents the original endowment of the Trustees together with subsequent accumulations. The capital now consists of freehold property, producing rental income, loans and investments.

(e) Income fund

All the Trust's income is accounted for through the income fund account.

(f) Recognition of housing properties and other fixed assets

Cost includes the cost of acquiring land and buildings, directly attributable development costs and borrowing costs directly attributable to the construction of new housing properties during the development. Capitalisation ceases when substantially all the activities that are necessary to get the asset ready for use are complete.

(g) Depreciation

Depreciation is charged to write down the cost of freehold housing properties to their estimated residual value on a straight-line basis over their expected useful economic lives as follows:

Freehold land	Not depreciated
Housing properties	100 or 50 years

Major components are treated as separable assets and depreciated over their estimated useful economic lives or the lives of the properties to which they relate, if shorter, at the following annual rates:

Roofs	50 years
Kitchens	10 years
Bathrooms	10 years
Boilers	10 years
Windows & Doors	20 years

LENCH'S TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

Depreciation is calculated to write off the cost of other property, plant & equipment (PPE) on a straight-line basis over their estimated useful lives at the following annual rates:

Office premises	30 years
Office equipment	5 years
Accommodation equipment	5 years
Motor vehicles	4 years

(h) Impairment of social housing properties

Properties held for their social benefit are not held solely for the cash inflows they generate and are held for their service potential.

An assessment is made at each reporting date as to whether an indicator of impairment exists. If such an indicator exists, an impairment assessment is carried out and an estimate of the recoverable amount of the asset is made. Where the carrying amount of asset exceeds its recoverable amount, an impairment loss is recognised in surplus or deficit in the Statement of Comprehensive Income. The recoverable amount of an asset is the higher of its value in use and fair value less costs to sell. Where assets are held for their service potential, value in use is determined by the present value of the asset's remaining service potential plus the net amount expected to be received from its disposal. Depreciated replacement cost is taken as a suitable measurement model.

An impairment loss is reversed if the reasons for the impairment loss have ceased to apply and included in surplus or deficit in the Statement of Comprehensive Income.

(i) Works to existing properties

Expenditure on housing properties which results in an enhancement of the economic benefits of the property is capitalised, in accordance with the requirements of the SORP.

(j) Social Housing Grant (SHG) other capital and government grants

Grants relating to assets are recognised as income on a systematic basis over the expected useful life of the asset. Grants received for housing properties are recognised as income over the expected useful life of the housing property structure.

Grants received from non-government sources are recognised as revenue using the performance model.

During the year the company obtained grants from the UK government in relation to Education and Electric vehicles in the amount of £7k. Grants are accounted for under the accrual model. Grants relating to revenue are recognised in other operating income on a systematic basis over the period in which the related costs are incurred. Grants for compensation are recognised in income in the period to which they become receivable.

(k) Investments

Investment Properties are measured at cost on initial recognition and subsequently at fair value as at the year-end, with changes in fair value recognised as a surplus or deficit in the Statement of Comprehensive Income.

As at 31st December 2022, the investment properties held have been revalued by Savills and currently show in the accounts at their Market Value.

(l) Investment properties

Investment properties consist of land and commercial properties not held for the social benefit but for use in the business.

Investment properties are measured at cost on initial recognition and subsequently at fair value as at the year end, with changes in fair value recognised in Statement of Comprehensive Income.

Our Investment properties have been revalued as at 31st December 2022 by Savills and currently show in the accounts at their Market Value at the year-end.

(m) Operating leases

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the lease term.

(n) Interest and financing costs

Interest charges incurred on the financing of housing properties are capitalised up to the date of practical completion. Interest charges arising after that date are charged to the statement of comprehensive income.

(o) Pensions

The Trust operates defined contribution pension schemes, the costs of which are written off to the Statement of Comprehensive Income on an accrual basis. The assets of the schemes are held separately from those of the Trust in independently administered funds.

(p) Shared ownership properties

The Trust has adopted the SORP accounting treatment for shared ownership properties. All properties are split between fixed and current assets in line with the expectation relating to the first tranche sale percentage. The expected first tranche proportion is classified as a current asset until the point of the first tranche sale.

The current asset is then transferred to cost of sales and matched against sales proceeds within the operating surplus in the statement of comprehensive income. Any operating surplus is restricted to the overall surplus which takes account of the Existing Use Value – Social Housing (EUV-SH) of the remaining fixed asset element.

The remaining element of the asset is classified as a fixed asset and included in housing properties at cost, less any provision for depreciation or impairment.

(q) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and demand deposits, together with other short term, highly liquid investments that are readily known amounts of cash and are subject to an insignificant risk of change in value.

(r) Financial instruments

Financial assets and financial liabilities are recognised when the Trust becomes a party to the contractual provisions of the instrument.

Financial assets carried at amortised cost

Financial assets carried at amortised cost comprise rent arrears, trade and other receivables and cash and cash equivalents. Financial assets are initially recognised at fair value plus directly attributable transaction costs. After initial recognition, they are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

If there is objective evidence that there is an impairment loss, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced accordingly.

A financial asset is derecognised when the contractual rights to the cash flows expire, or when the financial asset and all substantial risks and reward are transferred.

If an arrangement constitutes a financing transaction, the financial asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial liabilities carried at amortised cost

These financial liabilities include trade and other payables and interest bearing loans and borrowings.

Non-current debt instruments which meet the necessary conditions in FRS 102, are initially recognised at fair value adjusted for any directly attributable transaction cost and subsequently measured at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance costs in the Statement of Comprehensive Income. Discounting is omitted where the effect of discounting is immaterial.

A financial liability is derecognised only when the contractual obligation is extinguished, that is, when the obligation is discharged, cancelled or expires.

LENCH'S TRUST

STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

Financing transactions

For rent arrears where the arrangement constitutes, in effect, a financing transaction because of extended credit arrangements the arrears are measured at the present value of the future payments discounted at an appropriate market rate of interest.

(s) Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the year end and is carried forward to future years.

2. SIGNIFICANT MANAGEMENT JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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 and in any future periods affected.

Significant management judgements

Depreciation and residual values.

The Trustees have reviewed the asset lives and associated residual values of all fixed asset classes, and in particular, the useful economic life and residual values of properties, and have concluded that asset lives and residual values are appropriate.

Provisions and accruals

Management bases its judgements on the circumstances relating to each specific event and upon currently available information. However, given the inherent difficulties in estimating liabilities in these areas, it cannot be guaranteed that additional costs will not be incurred beyond the amounts accrued.

Estimation uncertainty

The Trust makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Investment property valuation

The Trust carries its investment properties at fair value and engages independent valuers to determine fair value using valuation techniques. The calculated fair value of the investment property uses assumptions which are subject to judgement, such as the estimated yield and the long-term vacancy rate. The carrying value of the Trust's investment properties can be found in note 11 of the financial statements.

LENCH'S TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

3. TURNOVER AND OPERATING COSTS

2022

	Turnover £	Operating costs £	Operating surplus/ (deficit) £
Income and expenditure from lettings (note 3a)	1,901,853	(1,428,672)	473,181
Other income and expenditure			
Care services	276,968	(398,882)	(121,914)
Catering services	68,670	(90,869)	(22,199)
Rents from investment properties	223,244	(26,579)	196,665
Management Charges	5,000	-	5,000
Donations	-	-	-
Other administrative costs	7,000	(426,778)	(419,778)
Total	2,482,735	(2,371,780)	110,955

2021

	Turnover £	Operating costs £	Operating surplus/ (deficit) £
Income and expenditure from lettings (note 3a)	1,815,146	(1,230,167)	584,979
Other income and expenditure			
Care services	221,600	(392,966)	(171,366)
Catering services	42,800	(86,031)	(43,231)
Rents from investment properties	165,524	(91,891)	73,633
Management Charges	5,000	-	5,000
Donations	5	-	5
Other administrative costs	-	(387,249)	(387,249)
Total	2,250,075	(2,188,304)	61,771

LENCH'S TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

3a. PARTICULARS OF INCOME AND EXPENDITURE FROM LETTINGS

	2022 £	2021 £
<i>Income from lettings</i>		
Housing contributions receivable net of voids - rented	1,684,113	1,598,558
- shared ownership	52,209	51,057
Other housing rent	50,200	50,200
Amortisation of SHG	115,331	115,331
Total income from lettings	<u>1,901,853</u>	<u>1,815,146</u>
<i>Expenditure from lettings</i>		
Housing accommodation:		
Services	174,443	139,352
Management	453,585	404,005
Depreciation of housing properties	574,684	436,339
Repairs and maintenance	225,960	250,471
Total housing operating costs	<u>1,428,672</u>	<u>1,230,167</u>
Operating surplus from lettings	<u>473,181</u>	<u>584,979</u>

Void losses for the year were £16,288 (2021: £52,850).

Included within housing contributions receivable is service charge income of £754,597 for the current year (2021: £846,942)

4. FINANCE INCOME

	2022 £	2021 £
Investment income	82,263	75,771
Bank interest	22,577	40,790
	<u>104,840</u>	<u>116,561</u>

LENCH'S TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

5. SURPLUS ON DISPOSAL OF FIXED ASSETS

	2022 £	2021 £
Surplus on sale of quoted investments	81,218	225,175
Deficit on disposal of other fixed assets	(37,395)	(10,762)
	<u>43,823</u>	<u>214,413</u>

6. INTEREST AND FINANCING COSTS

	2022 £	2021 £
Bank loans not wholly repayable within five years	152,300	174,676
	<u>152,300</u>	<u>174,676</u>

7. SURPLUS ON ORDINARY ACTIVITIES

	2022 £	2021 £
Surplus on ordinary activities is stated after charging/(crediting):		
Depreciation of fixed assets	602,341	464,082
Amortisation of Government grants	(115,331)	(115,331)
Auditor's remuneration:		
In their capacity as auditor	12,250	10,050
Other services	5,030	6,655
Lease payments recognised as expense during the year	16,971	16,971
	<u>600,261</u>	<u>461,327</u>

8. STAFF COSTS

	2022 £	2021 £
Wages and salaries	939,126	865,719
Social security costs	73,129	65,031
Other pension costs	74,030	65,346
	<u>1,086,285</u>	<u>996,096</u>

Average number of full-time equivalent persons employed during the year:

	Number	Number
Office	7	7
Other scheme staff	8	12
Care team	18	14
Catering team	3	3
Total employees	<u>36</u>	<u>36</u>

Average number of employees is calculated using the number of hours worked by each employee.
Full time hours are based on 35 hours per week.

LENCH'S TRUST

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2022

9. CHIEF EXECUTIVE'S EMOLUMENTS

	2022 £	2021 £
Chief executive's salary	73,167	70,966
Chief executive's pension contributions	7,316	7,096
Employer's NI	8,651	8,084
The emoluments of chief executive disclosed above, excluding pension contributions, include amounts paid to:		
The highest paid employee	73,167	70,966

The Chief Executive is classified as key management personnel and is a member of the Trust's defined contribution pension scheme on the same terms as all other employees, no special terms apply.

The Trustees do not receive any emoluments and no expenses were reimbursed to Trustees during the year (2021: nil).

The full-time equivalent number of staff who received remuneration greater than £60,000 (including the executive team):

	2022 Number	2021 Number
£70,000 - £80,000	1	1

10. FIXED ASSETS – Housing properties

	Completed £	Shared ownership £	Total £
COST			
At 1 January 2022	18,101,447	804,624	18,906,071
Additions	1,023,886	-	1,023,886
Disposals	(157,572)	-	(157,572)
At 31 December 2022	18,967,761	804,624	19,772,385
DEPRECIATION			
At 1 January 2022	3,556,367	145,733	3,702,100
Charge for year	509,575	16,093	525,668
Disposals	(122,447)	-	(122,447)
At 31 December 2022	3,943,495	161,826	4,105,321
NET BOOK VALUE			
At 31 December 2022	15,024,266	642,798	15,667,064
At 31 December 2021	14,545,080	658,891	15,203,971

All housing properties are freehold.

LENCH'S TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

11. FIXED ASSETS – Investment land and properties (Freehold)

	2022	2021
	£	£
COST OR FAIR VALUE		
At 1 January	11,272,291	11,234,963
Revaluation	672,709	-
Additions	4,100	37,328
	<u>11,949,100</u>	<u>11,272,291</u>
At 31 December	<u>11,949,100</u>	<u>11,272,291</u>

Investment properties consist of land and commercial properties not held for the social benefit but for use in the business.

Our Investment properties have been revalued as at 31st December 2022 by Savills using the quoted market price.

12. FIXED ASSETS – Listed investments

	2022	2021
	£	£
<u>Income and Capital</u>		
Cost:		
At 1 January	2,373,190	2,172,146
Additions	288,510	462,453
Disposals	(204,437)	(261,409)
	<u>2,457,263</u>	<u>2,373,190</u>
At 31 December	<u>2,457,263</u>	<u>2,373,190</u>

	Cost		Market value	
	2022	2021	2022	2021
	£	£	£	£
British Government fixed interest investments	21,500	21,500	18,450	22,155
Other listed investments	2,435,763	2,351,690	3,218,695	3,766,745
	<u>2,457,263</u>	<u>2,373,190</u>	<u>3,237,145</u>	<u>3,788,900</u>
Total investments	<u>2,457,263</u>	<u>2,373,190</u>	<u>3,237,145</u>	<u>3,788,900</u>

	2022	2021
	£	£
Market Value:		
At 1 January	3,788,900	3,365,828
Add: Additions to investment at cost	288,510	462,453
Less: Disposals at carrying value	(204,437)	(261,409)
(Less)/add: Change in fair value of investments	(635,828)	222,028
	<u>3,237,145</u>	<u>3,788,900</u>
At 31 December	<u>3,237,145</u>	<u>3,788,900</u>

LENCH'S TRUST

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2022

13. OTHER PROPERTY, PLANT & EQUIPMENT

	Office premises £	Office and accommodation equipment £	Motor vehicles £	Total £
COST				
At 1 January 2022	238,714	562,528	19,305	820,547
Additions	3,396	270,896	43,774	318,066
Disposals	-	(35,487)	-	(35,487)
At 31 December 2022	<u>242,110</u>	<u>797,937</u>	<u>63,079</u>	<u>1,103,126</u>
DEPRECIATION				
At 1 January 2022	24,419	452,842	19,305	496,566
Depreciation for the year	8,009	58,515	10,146	76,670
Disposals	-	(33,156)	-	(33,156)
At 31 December 2022	<u>32,428</u>	<u>478,201</u>	<u>29,451</u>	<u>540,080</u>
NET BOOK VALUE				
At 31 December 2022	<u>209,682</u>	<u>319,736</u>	<u>33,628</u>	<u>563,046</u>
At 31 December 2021	<u>214,295</u>	<u>109,686</u>	-	<u>323,981</u>
Depreciation rates	3.33%	20%	25%	

14. CURRENT ASSET INVESTMENTS

	2022 £	2021 £
Charities Deposit Fund and National Savings Bank Investment Account redeemable within one year and funds held by Broker pending investment.		
Capital fund	59,018	76,744
Income fund	<u>4,651,250</u>	<u>5,653,682</u>
	<u>4,710,268</u>	<u>5,730,426</u>

15. DEBTORS

	2022 £	2021 £
<i>Income fund</i>		
Trade debtors	55,412	226,250
Prepayments and accrued income	121,530	91,307
Other debtors	<u>21,108</u>	<u>17,019</u>
	<u>198,050</u>	<u>334,576</u>

LENCH'S TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

16. STOCK

	2022	2021
<i>Income fund</i>	£	£
Stock – shared ownership properties	-	124,875
	<u>-</u>	<u>124,875</u>

All sale of shared ownership properties occurred during 2022 and there are none to be held in stock at the year end.

17. CREDITORS (AMOUNTS FALLING DUE WITHIN ONE YEAR)

<i>Income fund</i>	2022	2021
	£	£
Housing loans	500,721	479,030
Trade creditors	681,997	72,703
Taxation and social security	18,674	55,993
Accruals and deferred income	51,237	47,190
Other creditors	5,768	7,460
Government grants (note 20)	115,331	115,331
	<u>1,373,728</u>	<u>777,707</u>

18. CREDITORS (AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR)

<i>Income fund</i>	2022	2021
	£	£
Housing loans		
Lloyds Bank loan	2,684,106	3,184,137
Total housing loans	<u>2,684,106</u>	<u>3,184,137</u>
Government grants (note 20)	5,014,002	5,129,333
	<u>7,698,108</u>	<u>8,313,470</u>
<i>done Analysis of Housing loans:</i>		
Amounts repayable by instalments, not wholly repayable within five years:		
Repayable within five years	1,918,858	2,107,011
Repayable after five years	765,248	1,077,126
	<u>2,684,106</u>	<u>3,184,137</u>

The housing loan from Lloyds Bank are secured by specific charges on the Trust's housing properties (1st charge over Lench's Close, dated 27th January 2015/ 1st charges over William Lench Court, dated 20th June 2014) and are repayable at a fixed rates of interest of 4.2% and 5.2%.

LENCH'S TRUST

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2022

19. FINANCIAL INSTRUMENTS

The carrying values of the Company's financial assets and liabilities are summarised by category below:

	2022	2021
	£	£
Financial assets		
Measured at fair value through Statement of Comprehensive Income		
• Listed investments (see note 12)	3,237,145	3,788,900
• Investment properties (see note 11)	11,949,100	11,272,291
	<u>2022</u>	<u>2021</u>
	£	£
Financial liabilities		
Measured at amortised cost		
• Loans payable (see notes 17 & 18)	3,184,827	3,663,167
Measured at undiscounted amount payable	687,765	80,163
• Trade and other creditors (see note 15)	<u>687,765</u>	<u>80,163</u>

20. DEFERRED INCOME – GOVERNMENT GRANTS

	2022	2021
	£	£
At 1 January	5,244,666	5,359,997
Grants receivable		
Amortisation to statement of comprehensive income	(115,331)	(115,331)
At 31 December	<u>5,512,335</u>	<u>5,244,666</u>
Due < 1 year	<u>115,333</u>	<u>115,333</u>
Due > 1 year	<u>5,014,002</u>	<u>5,129,333</u>

The cumulative amount of SHG received by the Trust is £6,749,124.

21. ACCOMMODATION IN MANAGEMENT

At the year end accommodation in management was as follows:

	2022	2021
	Number	Number
Supported Housing (Extra Care)	86	84
Housing for older people	88	88
Shared ownership	9	11
Total units owned and managed	<u>183</u>	<u>183</u>

There were no units in development at the year-end (2021: nil).

LENCH'S TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

22. LEGISLATIVE PROVISIONS

The Trust is an Almshouse Charity registered by a Scheme of the Charity Commissioners and registered in England and Wales under the Companies Act 2006.

23. RELATED PARTY TRANSACTIONS

There are no related party transactions to report.

24. OPERATING LEASE COMMITMENTS

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2022 £	2021 £
Payments due: -		
Within one year	16,971	16,971
Between one and five years	18,829	35,800
	<u>35,800</u>	<u>52,771</u>

25. PENSION COMMITMENTS

The charity operates defined contribution retirement benefit schemes for all qualifying employees.

The total expense charged to the statement of comprehensive income in the year ended 31 December 2022 was £74,030 (2021: £65,346). Contributions of £Nil (2021: £8,497) were payable to the fund at the Balance Sheet date and were included within creditors due within one year.

LENCH'S TRUST

England & Wales - Charity number 1145847

Accounts

Registered number: 7860164

**LENCH'S TRUST
(Limited by Guarantee)**

Financial Statements

For year ended 31 December 2021

LENCH'S TRUST

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LENCH'S TRUST

TRUST INFORMATION

TRUSTEES

Mr A O Sholuade (Chairman)
Ms Rachel Chiu (Deputy Chairman)
Mr R Sarjeant
Mr T Storrow
Mr T Cuthbertson
Ms S Davis
Ms R Evans
Mr A Guest
Mr S Hossain
Ms B Ingram
Mr Abdul Malik
Mr Tanvier Singh Dulay (Retired 19th August 2021)

CHIEF EXECUTIVE

Jean-Luc Priez

REGISTERED OFFICE

William Lench Court
80 Ridgacre Road
Quinton
Birmingham
B32 2AQ

REGULATOR OF SOCIAL HOUSING NO.

A2074

REGISTERED CHARITY NO.

1145847

COMPANIES HOUSE REGISTERED NO.

7860164

AUDITOR

Mazars LLP
2 Chamberlain Square
Birmingham
B3 3AX

BANKERS

Lloyds Bank Plc
114-116 Colmore Row
Birmingham
B3 3BD

INVESTMENT ADVISORS

Smith & Williamson
3rd Floor
9 Colmore Row
Birmingham
B3 2BJ

LENCH'S TRUST

STRATEGIC REPORT

TRUSTEES

Lench's Trust is an Almshouse Charity regulated by a scheme of the Charity Commissioners, charity registration number 1145847. It is also a Registered Provider of Social Housing and Care which means it is subject to monitoring by the Regulator of Social Housing (RSH) as well as the Care Quality Commission (CQC). The Trust are also registered under the Companies Act 2006, limited by guarantee.

It was founded in 1525 by William Lench, a tanner, for the benefit of the Citizens of Birmingham. For some 300 years, the work of the Trust was divided between the maintenance of streets and bridges and the care of the elderly poor. With the incorporation of Birmingham in 1838 the Trustees became solely providers of Almshouses. Our policy is to provide care, according to our scheme, for people who are resident in the City, over 55 years of age and necessitous.

The scheme specifies twelve Trustees and their duties are to provide care for our residents to meet their needs and to give consideration to other possibilities of care as finances and facilities become available. The financial policy of the Trustees is to maintain and improve the value of their endowment for the use of future generations and to make further financial resources available for the progressive expansion of the Trust's caring activities.

The management of the Trust is led by a Chief Executive and a small office staff, with day to day care and Almshouse staffing carried out by our team of scheme managers. The Trustees also have a group of befrienders for each Almshouse who get to know our residents individually and play a major part with the scheme managers in offering companionship and seeking out their needs.

Our capacity and occupancy on 31 December 2021 was: -

	Units of accommodation	Number of residents
Lench's Close	64	66
Tanner's Close	24	25
William Lench Court	95	100
	183	191

All the properties have units which can accommodate couples, and this is reflected in the number of residents shown.

RISK MANAGEMENT

The Trustees have assessed the major risks to which the Charity is exposed, in particular those related to the operations and finances of the Charity, and are satisfied that there are systems in place to mitigate exposure to major risks.

LENCH'S TRUST – CHAIRMAN'S REPORT

It has been a privilege to serve Lench's Trust in my first year as the Chairman. I am very grateful for the support of the entire Trustees, especially the support of my Deputy Chair Rachel Chiu, Chair of the Wellbeing Committee, Sarah Davis and Chair of the Finance Committee, Abdul Malik. Their continuous support has allowed me to settle into the role with ease.

We said goodbye to Tani Dulay as a Trustee in 2021. There were no new appointments during the year however, the board undertook comprehensive training at the end of the year, leading to the adoption of the National Housing Federation (NHF) code of practice and a review of the Board profile.

As we anticipate the retirement of a few Trustees' in 2022 as well as our CEO in 2023, the Board is adopting a new strategy on succession planning, which it will work on throughout 2022/2023 to ensure the Trust is best placed for the future.

This past year we continued to adapt to the challenges of COVID-19 as our Trustees meetings continue to be held virtually, rather than in person at the different schemes we own and manage. Unfortunately, we were unable to hold Founders Day in 2021 but our Scheme Managers marked the day by offering gifts to residents.

During the year, Stephanie Knight was appointed Team Leader for the Care Team. Unfortunately, Marion O'Mara, our long-standing Scheme Manager at Tanner's Close, had to take an extended leave of absence and Lynn Redmond was appointed as Cover Scheme Manager during Marion's absence.

LENCH'S TRUST

STRATEGIC REPORT

Dean Ramzan joined the Maintenance Team as an apprentice and is doing very well. Heather Rhodes, who has been the Assistant to the Scheme Manager at William Lench Court since it opened in 2011, retired in December 2020 and Sally Tennant was appointed to the role in early 2021.

The Trustee surgery resumed at Tanner's Close and Lench's Close, however, it was postponed at William Lench court due to Covid-19.

I would like to thank all the staff at Lench's Trust for their continuous dedication to the wellbeing of our residents, adapting well to the ever-changing government guidelines around Covid-19. A special mention to the care team, who have been fantastic. Mark James is doing a great job leading the team in his role as Care and Well-being Manager.

My thoughts are with everyone who has been personally affected by the pandemic. I recognise how tough the year has been on residents as we dealt with the uncertainty around government guidelines and adapted our rules accordingly to ensure our residents and staff are kept safe. Thank you to all our residents and staff for your continuous cooperation and vigilance to ensure that we are protecting ourselves and the people around us.

Finance Report 2021

The operational surplus from lettings decreased to £584,979 from £629,004 due to increased costs, primarily a planned increase in repairs and maintenance.

The pandemic has continued to have an adverse impact on care services, with losses increasing due to a fall in the number of care packages. Similarly, the pandemic has resulted in the Cafe remaining closed for large periods during the year, however, losses from catering services have narrowed slightly due to a fall in costs.

Net rental income from investment properties increased to £73,633 from £52,143 in 2020. The pandemic has continued to disrupt the income from the car parks and the Bull Pub.

Despite the above, administrative costs have decreased substantially from £450,162 in 2020 to £387,249 due to the reduction in the extra costs relating to Covid-19 along with reduced professional fees, which related to abortive costs for the purchase of a piece of land. The net effect of the above was a total operating surplus of £61,771 up from £22,526 last year.

Below the operating surplus, finance income has decreased to £116,561 from £143,797 in 2020 due to a fall in bank interest received as a result of a fall in interest rates. This fall was offset by a large surplus of £214,413 on the disposal of fixed assets, namely quoted investments. The surplus on the disposal of fixed assets/ quoted investments in 2020 was £34,777

Total reserves increased marginally from £27.41m to £27.85m

Investment properties

During 2021, no further progress has been made in respect of the sale of Lancaster Gate, Phase Two. The Trust continues to remain in dialogue with its property advisors and the proposed developer and will seek to agree a long lease subject to planning conditions and value for money for the Trust.

Our partnership with the St Basil's charity in respect of the property at Conybere Gardens is due to come to an end in 2023. The Trust intends to redevelop the property as an almshouse for the Trust's beneficiaries.

As a result of disruption caused by the pandemic, arrangements for reduced rent have continued for the Bull Pub and also the car parking facilities in the centre of the city.

Wellbeing of residents

Wellbeing of residents remains our utmost priority. The staff have worked hard to ensure that all activities that were previously suspended have resumed across the schemes.

As mentioned, our ambitious capital development for 2022-2025 will allow us to make significant improvements across all 3 schemes to improve our properties and ensure residents continue to get value for money.

LENCH'S TRUST

STRATEGIC REPORT

Our Heritage

Preparations for our 500th anniversary in 2025 are still well under way, we are all looking forward to this celebration, especially after such a trying few years.

During 2022 our usual gathering for the annual Founder's Day Tea Party (11th March, when William Lench signed his deed of Trust) unfortunately could not take place, due to Covid-19, however, each Scheme had their own tea-party to celebrate. It has been lovely to see photos of these events and for staff to take part in these celebrations with residents after 2 long years of being apart.

Thank you

I would like to say a special thank you to our Chief Exec, Jean-Luc and staff. Your dedication over the past year has allowed us to respond to and support our residents.

Thank you to all my fellow Trustees for supporting me in my first year as your Chair and for your commitment behind the scenes in keeping the Trust accountable in serving our residents and staff better.

Lastly, thank you to all our residents for choosing Lench's Trust as a place to call home. We appreciate you and the flexibility you've demonstrated as we navigated multiple government lockdowns.

I look forward to our year ahead together as we continue to deliver the best for our community.

VALUE FOR MONEY (VFM) & BENCHMARKING

Introduction

Lench's Trust is committed to the principle and delivery of VFM as defined by the RSH, which requires the Trust to "articulate and deliver a comprehensive and strategic approach to achieving VFM in meeting its organisational objectives".

The Board of Lench's Trust has overall responsibility for direction and governance.

Achieving VFM

Achieving VFM is fundamental to the attainment of Lench's Trust's key strategic goal to "develop vibrant, caring and safe communities for the benefit of the community served by the Trust" and to achieve this, the Trust has adopted a number of objectives which are further detailed and developed in the Annual Plans over the life cycle of its Ten Year Strategy (2015-2025).

The Board and Executive Team are working to embed VFM principles within the organisation at all levels through active engagement with staff, residents and other key stakeholders.

Benchmarking

Critical to the success in achieving VFM is benchmarking the Trust's performance with other housing providers. To this end, Lench's Trust joined a local benchmarking club under the auspices of HouseMark and uses HouseMark's benchmarking service to compare how the Trust performs with other housing providers of similar size.

In general, the outcomes from benchmarking highlight areas of strength and weakness, indicate whether the right balance between cost and quality has been obtained, and provide a point of reference for necessary business improvements.

Lench's Trust is committed to giving the beneficiaries of the Charity the best service that it can with the resources available, and therefore is actively engaged with the benchmarking club to assess its performance and highlight areas for change and improvement.

Quality Performance

Lench's Trust is committed to continued ongoing engagement with the beneficiaries of the Charity to better understand the nature of any dissatisfaction and feed this back to housing staff and maintenance contractors in order to improve service delivery to residents and their homes. Meaningful engagement with customers and repairs contractors helps to reduce costs, improve efficiency (by reducing waste) and raise effectiveness (by doing the right things).

Additionally, Lench's Trust realises the value of increased engagement with residents to foster better relations, minimise misunderstandings, address areas of concern, revise methods of working and service delivery – this is achieved through various means of engagement such as Residents Committees on each scheme and a Trust-wide Scrutiny Group.

LENCH'S TRUST

STRATEGIC REPORT

Value for Money Metrics			
Reinvestment %	2020	2021	Sector Median*
This metric looks at LT's investment in existing properties. This is calculated as a percentage of the value of total housing properties.	2.47%	1%	3.66%
The reinvestment % for LT at 1% it is below the sector median of 5%. This could indicate that we are not reinvesting as much as our peers, however the lower % is in large part due to the fact that 85% of our properties have already had component replacements within the last 5 years. These components include kitchens, bathrooms, windows and doors. There has been a decrease in reinvestment since 2019, due to COVID measures. Between 2022-2025 we have a capital development programme, which will mean an increase in these percentages from next year onwards.			
New supply delivered (social housing) as a % of total stock	2020	2021	Sector Median*
This sets out the number of new social housing units that have been acquired or developed in the year as a proportion of total units. LT do not develop non-social units.	0%	0%	0%
LT have not developed any new units within 2020			
Gearing %	2020	2021	Sector Median *
This ratio sets out the proportion of borrowing compared with assets. A high gearing % could indicate that we have taken on too much borrowing however low gearing could indicate that we have capacity to borrow.	26.59%	24.09%	17%
Gearing at 24.09% is higher than the sector median of 17% however the covenants from our bank request that we remain below 40% and therefore we are meeting this criteria. The difference could also be due to the fact that a large part of the benchmarking group do not have loans/ have not developed further units in the last 10 years (as LT have) and therefore may not be a comparison for LT.			
Headline social housing cost per unit	2020	2021	Sector Median *
The unit cost metric assesses the headline social housing cost per unit as defined by the regulator of social housing	£3,909	£4,338	£4,636
Headline social housing cost per unit has increased by £429 p.a compared with 2020. There has been an increase in all costs included within the headline costs, including management and repairs & maintenance, bringing us more in line with the recent median sector. This is partly due to increase in staffing within head office and the maintenance team, along with increased repairs for 2021 due to the reduction in 2020, due to Covid-19.			
Operating Margin % Social Housing	2020	2021	Sector Median*
This % is an indicator of operating efficiency and business health as it measures the amount of surplus generated from turnover on our day to day activities.	35%	32%	18,22%
Our social housing operating margin has decreased from 35% in 2020 to 32% in 2021 Although turnover from Weekly Maintenance Charges have increased from 2020 to 2021, we have seen an increase in costs due to Coronavirus across the board as well as some of the usual repairs we would usually do in house, we have had to deal with contractors due to staff members shielding or being placed elsewhere within the Trust.			

*Sector Median taken from the West Midlands Smaller Housing benchmarking group figures for 2019/20

LENCH'S TRUST

STRATEGIC REPORT

FINANCIAL REPORT 2021

FIXED ASSETS

The net book value of housing properties is £15.2m.

CURRENT ASSETS

Current assets are at £6.4m, comprised mainly as cash balances of £5.7m, which will be used in our Capital Commitments programme along with developments for the Trust.

CREDITORS

Creditors due within one year are £778k, this includes housing property loans of £479k.

FUNDS

The Trust's total funds at 31 December 2021 were £27.85m.

RESERVES POLICY

The Trustees have reviewed the Trust's need to retain free available reserves, defined as total assets less current liabilities in the Income Fund before deducting short term housing loans and less tangible assets comprising both housing properties and other fixed assets. The Trustees consider it prudent to retain funds equivalent to 6 months annual operating expenditure for the provision of the working capital needed to run the Trust efficiently and for unexpected contingencies. This amounts to approximately £1.1m. At the year-end free reserves are £1m.

STATEMENT OF COMPREHENSIVE INCOME

The surplus for the year was £440k, which is a considerable increase compared with 2020. During 2021 we have seen an increase in the fair value of investments, which accounts for the increase year on year.

INVESTMENT POLICY

The Trustees' investment policy is to look for long term holdings without undue risk and for an income which will grow in real terms.

COVID-19 PANDEMIC

The risks presented by the Covid-19 Pandemic and the after effect it may have are being robustly reviewed and scrutinised by the board of Trustees and the Senior Management Team.

Lench's Trust has been responsive in adapting to the current situation and ensuring the safety of staff and residents alike. Additional Senior Management meetings have been put in place, to monitor the impact of the pandemic throughout the organisation and mitigate additional costs that may be incurred.

Currently while we expect there to be a level of impact this is minimal as the main source of our income is from housing and whilst we have had longer voids than usual due to the pandemic, we do not foresee that these will cause a big impact on our finances overall. The situation is being monitored closely by the Senior Management Team on an ongoing basis.

GOING CONCERN

Under the governance requirements, the Trustees confirm that after making enquiries they have a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the accounts.

Whilst the Covid-19 pandemic has brought additional challenges, the board have prepared forecasts for the current year which show that the Trust will meet its Bank Covenants in the current year and that cash flow remains strong.

LENCH'S TRUST

STRATEGIC REPORT

On this basis, the Board has a reasonable expectation that Lench's Trust has adequate resources to continue in operational existence for the foreseeable future, being a period of 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.

Approved by the Trustees on 19th May 2022
and signed on their behalf by



A O Sholuade
Chairman

LENCH'S TRUST

BOARD REPORT

INTERNAL FINANCIAL CONTROL

The Trustees have overall responsibility for the Trust's system of internal financial control, the effectiveness of which has been reviewed and reported on to the Trustees by the Finance Committee. The principal elements of the system, which is designed to recognise the specific characteristics and objectives of the Trust and the risks to which it is exposed, include:

- a clearly defined structure which delegates authority, responsibility and accountability, including responsibility for internal financial control to management;
- a well-established budgeting and reporting function, with budgets and results reviewed at a senior level within the Trust to provide a timely and regular monitoring of financial performance;
- an investment evaluation process to ensure Trustees' approval for all major capital expenditure commitments; and
- a regular review procedure carried out by the Trust of its risk exposure and of the systems of internal financial control in place to mitigate those risks, with annual reports of findings to the Trustees.

Internal financial control, by its nature, provides only reasonable and not absolute assurance against material misstatement or loss.

COMPLIANCE WITH THE REGULATOR'S GOVERNANCE AND FINANCIAL VIABILITY STANDARD

The Trustees confirm that the Trust complies with the Requirements of the revised Governance and Financial Viability Standard applicable for the year.

RISK MANAGEMENT

Refer to strategic report page 2.

FUTURE DEVELOPMENTS

Refer to strategic report pages 2 and 3.

TRUSTEES

The Trustees are as set out on page 1.

TRUSTEES RESPONSIBILITIES

Social housing legislation requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of the Trust as at the end of the financial year and of the income and expenditure of the Trust for the year ended on that date. In preparing those financial statements, suitable accounting policies have been used, framed to the best of the Trustees' knowledge and belief, by reference to reasonable and prudent judgements and estimates, and applied consistently. Applicable accounting standards have been followed. The Trustees are also required to indicate where the financial statements are prepared other than on the basis that the Trust is a going concern.

The Trustees are responsible for ensuring that arrangements are made for keeping proper books of account with respect to the Trust's transactions and its assets and liabilities and for maintaining a satisfactory system of control over the Trust's books of account and transactions. The Trustees are also responsible for ensuring that arrangements are made to safeguard the assets of the Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

LENCH'S TRUST

BOARD REPORT

DISCLOSURE OF INFORMATION TO THE AUDITOR

There is no relevant audit information outstanding of which the auditors are unaware and we have taken all the steps we ought to have taken to make ourselves aware of any relevant audit information and to establish that the auditors are aware of that information.

INVASION OF UKRAINE AND RUSSIAN SANCTIONS

The Trust does not operate in either Ukraine or Russia and any identified key suppliers located in either country are subject to further monitoring. The Board's assessment of this highly tragic geopolitical situation is that the business is not impacted at present, and the situation will remain under review.

Approved by the Trustees on 19th May 2022
and signed on their behalf by



A O Sholuade
Chairman

LENCH'S TRUST

INDEPENDENT AUDITOR'S REPORT

For the year ended 31 December 2021

Opinion

We have audited the financial statements of Lench's Trust (the 'company') for the year ended 31 December 2021 which comprise Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Reserves, Statement of Cashflows and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 company's affairs as at 31 December 2021 and of its profit/loss 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 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. Our audit procedures to evaluate the Trustees' assessment of the company's ability to continue to adopt the going concern basis of accounting included but were not limited to:

- Undertaking an initial assessment at the planning stage of the audit to identify events or conditions that may cast significant doubt on the company's ability to continue as a going concern;
- Obtaining an understanding of the relevant controls relating to the Trustees' going concern assessment;
- Evaluating the Trustees' method to assess the company's ability to continue as a going concern;
- Reviewing the Trustees' going concern assessment, which incorporated severe but plausible scenarios;
- Evaluating the key assumptions used and judgements applied by the Trustees in forming their conclusions on going concern; and
- Reviewing the appropriateness of the Trustees' disclosures in the financial statements.

LENCH'S TRUST

INDEPENDENT AUDITOR'S REPORT For the year ended 31 December 2021

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 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 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, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the Trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the Trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or 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.

LENCH'S TRUST

INDEPENDENT AUDITOR'S REPORT

For the year ended 31 December 2021

Responsibilities of Trustees

As explained more fully in the 'Trustees' responsibilities statement set out on page 8, 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 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 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 the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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.

Based on our understanding of the company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation, anti-money laundering regulation, non-compliance with implementation of government support schemes relating to COVID-19.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

LENCH'S TRUST

INDEPENDENT AUDITOR'S REPORT For the year ended 31 December 2021

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation, the Companies Act 2006.

In addition, we evaluated the Trustees' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to, revenue recognition (which we pinpointed to the cut off), and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the Trustees and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

Use of the audit report

This report is made solely to the 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 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 company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.



David Hoose (Senior Statutory Auditor) for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

2 Chamberlain Square

Birmingham

B3 3AX

10 JUNE 2022

LENCH'S TRUST
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 December 2021

	Notes	2021 £	2020 £
TURNOVER	3	2,250,075	2,134,444
Operating expenditure	3	<u>(2,188,304)</u>	<u>(2,111,918)</u>
OPERATING SURPLUS	3	61,771	22,526
Finance income	4	116,561	143,797
Interest and financing costs	6	(174,676)	(195,267)
Surplus on disposal of fixed assets	5	214,413	34,777
Change in fair value of investments	12	<u>222,028</u>	<u>42,461</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>440,097</u>	<u>48,294</u>

The financial statements on pages 14 to 30 were approved by the Trustees on 19th May 2022 and were signed on their behalf by:



A O Sholuade - Chairman

LENCH'S TRUST

**STATEMENT OF FINANCIAL POSITION
AT 31 December 2021**

	Notes	2021 Total £	Capital Fund £	Income Fund £	2020 Total £
TANGIBLE FIXED ASSETS					
Housing properties – cost less depreciation	10	15,203,971	-	15,203,971	15,496,529
Investment properties	11	11,272,291	11,272,291	-	11,234,963
Investments	12	3,788,900	3,244,667	544,233	3,365,828
Other property, plant & equipment	13	323,981	-	323,981	326,100
TOTAL FIXED ASSETS		30,589,143	14,516,958	16,072,185	30,423,420
CURRENT ASSETS					
Investments - cash deposits	14	5,730,426	5,697,535	32,891	6,260,980
Stock		124,875	-	124,875	33,750
Debtors	15	334,576	-	334,576	202,141
Cash		162,475	-	162,475	195,181
		6,352,352	5,697,535	654,817	6,692,052
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	16	(777,707)	-	(777,707)	(798,349)
NET CURRENT ASSETS / (LIABILITIES)		5,574,645	5,697,535	(122,890)	5,893,703
TOTAL ASSETS LESS CURRENT LIABILITIES		36,163,788	20,214,493	15,949,295	36,317,123
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	17	(8,313,470)	-	(8,313,470)	(8,906,902)
NET ASSETS		27,850,318	20,214,493	7,635,825	27,410,221
Revenue reserve		25,227,109	17,591,284	7,635,825	25,001,148
Permanent endowment		2,623,209	2,623,209	-	2,409,073
TOTAL RESERVES		27,850,318	20,214,493	7,635,825	27,410,221

The financial statements on pages 14 to 30 were approved by the Trustees on 19th May 2022 and were signed on their behalf by:



A O Sholuade - Chairman

LENCH'S TRUST**STATEMENT OF CHANGES IN RESERVES
AT 31 December 2021**

	Revenue reserve £	Permanent endowment £	Total £
BALANCE AT 1 JANUARY 2021	25,001,148	2,409,073	27,410,221
Surplus from statement of comprehensive income	440,097		440,097
Transfer between reserves	(214,136)	214,136	-
BALANCE AT 31 DECEMBER 2021	<u>25,227,109</u>	<u>2,623,209</u>	<u>27,850,318</u>

	Revenue reserve £	Permanent endowment £	Total £
BALANCE AT 1 JANUARY 2020	25,023,921	2,338,006	27,361,927
Surplus from statement of comprehensive income	48,294	-	48,294
Transfer between reserves	(71,067)	71,067	-
BALANCE AT 31 DECEMBER 2020	<u>25,001,148</u>	<u>2,409,073</u>	<u>27,410,221</u>

LENCH'S TRUST
STATEMENT OF CASH FLOWS
For the year ended 31 December 2021

	Notes	£	2021 £	£	2020 £
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	A		(77,012)		270,806
CASH FLOWS FROM FINANCING ACTIVITIES					
Interest received		116,561		143,797	
Interest paid		(174,676)		(195,267)	
Housing loan (repaid)/ received		(456,797)		(434,746)	
			(514,912)		(486,216)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of housing properties (including components)		(297,638)		(581,767)	
Purchase of other property, plant & equipment		(86,473)		(35,495)	
Sale of housing properties (including components)		177,364		64,521	
Sale of other assets (including quoted investments)		214,425		63,670	
Sale of Investment Properties		-		-	
Change in fair value of investments		222,028		42,461	
Purchase of investments		(201,042)		(101,948)	
			28,664		(548,558)
NET CHANGE IN CASH AND CASH EQUIVALENTS			(563,260)		(763,968)
Cash and cash equivalents at the beginning of the year			6,456,161		7,220,129
Cash and cash equivalents at the end of the year			5,892,901		6,456,161

A) RECONCILIATION OF OPERATING SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2021 £	2020 £
Operating surplus for the year	61,771	22,526
Movement in debtors	(132,435)	52,101
Movement in creditors	(41,946)	(40,725)
Movement in stock	(91,125)	(33,750)
Depreciation	464,082	428,446
Amortisation of Government grant	(115,331)	(115,331)
Change in fair value of investments	(222,028)	(42,461)
Net cash (outflow)/inflow from operating activities	(77,012)	270,806

LENCH'S TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

1. ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements are prepared under the historical cost convention, as modified to include certain items at fair value, in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council and comply with the Accounting Direction for Private Registered Providers of Social Housing 2019, the Statement of Recommended Practice for Registered Social Housing Providers 2018 (SORP) and the Housing and Regeneration Act 2008. Lench's Trust is a public benefit entity (PBE), as defined in FRS 102 and applies the relevant paragraphs prefixed "PBE" in FRS 102.

(b) Going Concern

Under the governance requirements, the Trustees confirm that after making enquiries they have a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the accounts.

Whilst the Covid-19 pandemic has brought additional challenges, the board have prepared forecasts for the current year which show that the Trust will meet its Bank Covenants in the current year and that cash flow remains strong.

On this basis, the Board has a reasonable expectation that Lench's Trust has adequate resources to continue in operational existence for the foreseeable future, being a period of 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.

(c) Turnover

Turnover represents residents' contributions receivable in respect of Almshouses (net of losses from voids), rents receivable from investment properties, proceeds from first tranche shared ownership sales, revenue grants receivable from Local Authorities and Homes England, together with donations.

(d) Capital fund

The capital fund represents the original endowment of the Trustees together with subsequent accumulations. The capital now consists of freehold property, producing rental income, loans and investments.

(e) Income fund

All the Trust's income is accounted for through the income fund account.

(f) Depreciation

Depreciation is charged so as to write down the cost of freehold housing properties to their estimated residual value on a straight-line basis over their expected useful economic lives as follows:

Freehold land	Not depreciated
Housing properties	100 or 50 years

Major components are treated as separable assets and depreciated over their estimated useful economic lives or the lives of the properties to which they relate, if shorter, at the following annual rates:

Roofs	50 years
Kitchens	20 years
Bathrooms	20 years
Boilers	20 years
Windows & Doors	20 years

Depreciation is calculated to write off the cost of other property, plant & equipment (PPE) on a straight line basis over their estimated useful lives at the following annual rates:

Office premises	50 years
Office equipment	5 years
Accommodation equipment	5 years
Motor vehicles	5 years

LENCH'S TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

(g) Impairment of social housing properties

Properties held for their social benefit are not held solely for the cash inflows they generate and are held for their service potential.

An assessment is made at each reporting date as to whether an indicator of impairment exists. If such an indicator exists, an impairment assessment is carried out and an estimate of the recoverable amount of the asset is made. Where the carrying amount of asset exceeds its recoverable amount, an impairment loss is recognised in surplus or deficit in the Statement of Comprehensive Income. The recoverable amount of an asset is the higher of its value in use and fair value less costs to sell. Where assets are held for their service potential, value in use is determined by the present value of the asset's remaining service potential plus the net amount expected to be received from its disposal. Depreciated replacement cost is taken as a suitable measurement model.

An impairment loss is reversed if the reasons for the impairment loss have ceased to apply and included in surplus or deficit in the Statement of Comprehensive Income.

(g) Works to existing properties

Expenditure on housing properties which results in an enhancement of the economic benefits of the property is capitalised, in accordance with the requirements of the SORP.

(h) Social Housing Grant (SHG) other capital and government grants

Grants relating to assets are recognised as income on a systematic basis over the expected useful life of the asset. Grants received for housing properties are recognised as income over the expected useful life of the housing property structure.

Grants received from non-government sources are recognised as revenue using the performance model.

During the year the company obtained grants from the UK government in relation to COVID-19 in the amount of £9k. Grants are accounted for under the accrual model. Grants relating to revenue are recognised in other operating income on a systematic basis over the period in which the related costs are incurred. Grants for compensation are recognised in income in the period to which they become receivable

(i) Investments

Investments that are publicly traded or whose fair value can be measured reliably are measured at fair value with changes in fair value recognised as a surplus or deficit in the Statement of Comprehensive Income.

(j) Investment properties

Investment properties consist of land and commercial properties not held for the social benefit but for use in the business.

Our Investment properties have been revalued as at 31st December 2019 by Savills and currently show in the accounts at their Market Value at the year-end.

(k) Operating leases

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the lease term.

(l) Interest and financing costs

Interest charges incurred on the financing of housing properties are capitalised up to the date of practical completion. Interest charges arising after that date are charged to the statement of comprehensive income.

(m) Pensions

The Trust operates defined contribution pension schemes, the costs of which are written off to the Statement of Comprehensive Income on an accrual basis. The assets of the schemes are held separately from those of the Trust in independently administered funds.

(n) Shared ownership properties

The Trust has adopted the SORP accounting treatment for shared ownership properties. All properties are split between fixed and current assets in line with the expectation relating to the first tranche sale percentage. The expected first tranche proportion is classified as a current asset until the point of the first tranche sale. The current asset is then transferred to cost of sales and matched against sales proceeds within the operating surplus in the statement of comprehensive income. Any operating surplus is restricted to the overall surplus

LENCH'S TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

which takes account of the Existing Use Value – Social Housing (EUV-SH) of the remaining fixed asset element.

The remaining element of the asset is classified as a fixed asset and included in housing properties at cost, less any provision for depreciation or impairment.

(o) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and demand deposits, together with other short term, highly liquid investments that are readily known amounts of cash and are subject to an insignificant risk of change in value.

(p) Financial instruments

Financial assets and financial liabilities are recognised when the Trust becomes a party to the contractual provisions of the instrument.

Financial assets carried at amortised cost

Financial assets carried at amortised cost comprise rent arrears, trade and other receivables and cash and cash equivalents. Financial assets are initially recognised at fair value plus directly attributable transaction costs. After initial recognition, they are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

If there is objective evidence that there is an impairment loss, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced accordingly.

A financial asset is derecognised when the contractual rights to the cash flows expire, or when the financial asset and all substantial risks and reward are transferred.

If an arrangement constitutes a financing transaction, the financial asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial liabilities carried at amortised cost

These financial liabilities include trade and other payables and interest bearing loans and borrowings.

Non-current debt instruments which meet the necessary conditions in FRS 102, are initially recognised at fair value adjusted for any directly attributable transaction cost and subsequently measured at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance costs in the Statement of Comprehensive Income. Discounting is omitted where the effect of discounting is immaterial.

A financial liability is derecognised only when the contractual obligation is extinguished, that is, when the obligation is discharged, cancelled or expires.

Financing transactions

For rent arrears where the arrangement constitutes, in effect, a financing transaction because of extended credit arrangements the arrears are measured at the present value of the future payments discounted at an appropriate market rate of interest.

(q) Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the year end and is carried forward to future years.

(r) Recoverable amount rental (housing contributions) and other receivables

The Trust estimates the recoverable value of housing contributions and other receivables and impairs the debtor by appropriate amounts. When assessing the amount to impair it reviews the age profile of the debt and the class of the debt.

2. SIGNIFICANT MANAGEMENT JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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 and in any future periods affected.

Significant management judgements

Depreciation and residual values

The Trustees have reviewed the asset lives and associated residual values of all fixed asset classes, and in particular, the useful economic life and residual values of properties, and have concluded that asset lives and residual values are appropriate.

Provisions and accruals

Management bases its judgements on the circumstances relating to each specific event and upon currently available information. However, given the inherent difficulties in estimating liabilities in these areas, it cannot be guaranteed that additional costs will not be incurred beyond the amounts accrued.

Estimation uncertainty

The Trust makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Investment property valuation

The Trust carries its investment properties at fair value and engages independent valuers to determine fair value using valuation techniques. The calculated fair value of the investment property uses assumptions which are subject to judgement, such as the estimated yield and the long-term vacancy rate. The carrying value of the Trust's investment properties can be found in note 11 of the financial statements.

LENCH'S TRUST

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2021

3. TURNOVER AND OPERATING COSTS

2021

	Turnover £	Operating costs £	Operating surplus/ (deficit) £
Income and expenditure from lettings (note 3a)	1,815,146	(1,230,167)	584,979
Other income and expenditure			
Care services	221,600	(392,966)	(171,366)
Catering services	42,800	(86,031)	(43,231)
Rents from investment properties	165,524	(91,891)	73,633
Management Charges	5,000	-	5,000
Donations	5	-	5
Other administrative costs		(387,249)	(387,249)
Total	<u>2,250,075</u>	<u>(2,188,304)</u>	<u>61,771</u>

2020

	Turnover £	Operating costs £	Operating surplus/ (deficit) £
Income and expenditure from lettings (note 3a)	1,771,139	(1,142,135)	629,004
Other income and expenditure			
Care services	237,324	(402,508)	(165,184)
Catering services	42,500	(90,790)	(48,290)
Rents from investment properties	78,466	(26,323)	52,143
Management Charges	5,000	-	5,000
Donations	15	-	15
Other administrative costs	-	(450,162)	(450,162)
Total	<u>2,134,444</u>	<u>(2,111,918)</u>	<u>22,526</u>

LENCH'S TRUST

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2021

3a. PARTICULARS OF INCOME AND EXPENDITURE FROM LETTINGS

	2021 £	2020 £
<i>Income from lettings</i>		
Housing contributions receivable net of voids - rented	1,598,558	1,544,368
- shared ownership	51,057	61,900
Other housing rent	50,200	49,540
Amortisation of SHG	115,331	115,331
Total income from lettings	1,815,146	1,771,139
<i>Expenditure from lettings</i>		
Housing accommodation:		
Services	139,352	124,585
Management	404,005	389,316
Depreciation of housing properties	436,339	426,734
Repairs and maintenance	250,471	201,500
Total housing operating costs	1,230,167	1,142,135
Operating surplus from lettings	584,979	629,004

Void losses for the year were £52,850 (2020: £47,392).

Included within housing contributions receivable is service charge income of £846,942 for the current year (2020: £805,803)

4. FINANCE INCOME

	2021 £	2020 £
Investment income	75,771	72,556
Bank interest	40,790	71,241
Total finance income	116,561	143,797

LENCH'S TRUST

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2021

5. SURPLUS ON DISPOSAL OF FIXED ASSETS

	2021 £	2020 £
Surplus on sale of quoted investments	225,175	66,968
Deficit on disposal of other fixed assets	(10,762)	(32,191)
	<u>214,413</u>	<u>34,777</u>

6. INTEREST AND FINANCING COSTS

	2021 £	2020 £
Bank loans not wholly repayable within five years	174,676	195,267
	<u>174,676</u>	<u>195,267</u>

7. SURPLUS ON ORDINARY ACTIVITIES

	2021 £	2020 £
Surplus on ordinary activities is stated after charging/(crediting):		
Depreciation of fixed assets	464,082	455,870
Amortisation of Government grants	(115,331)	(115,331)
Auditor's remuneration:		
In their capacity as auditor	10,050	9,600
Other services	6,655	4,310
	<u>465,456</u>	<u>444,449</u>

8. STAFF COSTS

	2021 £	2020 £
Salaries	865,719	872,275
Social security costs	65,031	61,345
Other pension costs	65,346	62,445
	<u>996,096</u>	<u>996,065</u>

Average number of full time equivalent persons employed during the year:

	Number	Number
Office	7	7
Other scheme staff	12	12
Care team	14	16
Catering team	3	3
	<u>36</u>	<u>38</u>
Total employees	36	38

LENCH'S TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

9. CHIEF EXECUTIVE'S EMOLUMENTS

	2021 £	2020 £
Chief executive's emoluments	<u>70,966</u>	<u>70,614</u>

The emoluments of chief executive disclosed above (excluding pension contributions) include amounts paid to:

The highest paid employee	<u>70,966</u>	<u>70,614</u>
---------------------------	---------------	---------------

The Chief Executive is a member of the Trust's defined contribution pension scheme on the same terms as all other employees, no special terms apply.

The Trustees do not receive any emoluments and no expenses were reimbursed to Trustees during the year (2020: nil).

10. FIXED ASSETS – Housing properties

	Completed £	Shared ownership £	Total £
COST			
At 1 January 2021	17,934,714	871,749	18,806,463
Additions	219,763	41,625	261,388
Re-purchase of 1 st Tranche	-	36,250	36,250
Shared ownership transfers	145,000	(145,000)	-
Disposals	(198,030)	-	(198,030)
At 31 December 2021	<u>18,101,447</u>	<u>804,624</u>	<u>18,906,071</u>
Less:			
DEPRECIATION			
At 1 January 2021	3,159,601	150,333	3,309,934
Charge for year	399,012	13,819	412,831
Disposals	(2,246)	(18,419)	(20,665)
At 31 December 2021	<u>3,556,367</u>	<u>145,733</u>	<u>3,702,100</u>
NET BOOK VALUE			
At 31 December 2021	<u>14,545,080</u>	<u>658,891</u>	<u>15,203,971</u>
At 31 December 2020	<u>14,775,113</u>	<u>721,416</u>	<u>15,496,529</u>

All housing properties are freehold.

LENCH'S TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

11. FIXED ASSETS – Investment land and properties (Freehold)

	2021 £	2020 £
COST OR NET BOOK VALUE		
At 1 January 2021	11,234,963	11,227,498
Revaluation	-	-
Additions	37,328	7,465
	<u>11,272,291</u>	<u>11,234,963</u>
At 31 December 2021	<u>11,272,291</u>	<u>11,234,963</u>

Investment properties consist of land and commercial properties not held for the social benefit but for use in the business.

Our Investment properties have been revalued as at 31st December 2019 by Savills and Trustees have reviewed these valuations at 31st December 2021 and have concluded that they are still appropriate.

12. FIXED ASSETS – Listed investments

	2021 £	2020 £
<u>Income and Capital</u>		
Cost:		
At 1 January 2021	2,172,146	2,070,199
Additions	462,453	464,594
Disposals	(261,409)	(362,647)
	<u>2,373,190</u>	<u>2,172,146</u>
At 31 December 2021	<u>2,373,190</u>	<u>2,172,146</u>

	Cost		Market value	
	2021 £	2020 £	2021 £	2020 £
British Government fixed interest investments	21,500	29,176	22,155	32,217
Other listed investments	<u>2,351,690</u>	<u>2,142,972</u>	<u>3,766,745</u>	<u>3,333,611</u>
Total investments	<u>2,373,190</u>	<u>2,172,148</u>	<u>3,788,900</u>	<u>3,365,828</u>

	2021 £	2020 £
Market Value:		
At 1 January 2021	3,365,828	3,221,420
Add: Additions to investment at cost	462,453	464,594
Less: Disposals at carrying value	(261,409)	(362,647)
Add: Change in fair value of investments	<u>222,028</u>	<u>42,461</u>
At 31 December 2021	<u>3,788,900</u>	<u>3,365,828</u>

LENCH'S TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

13. OTHER PROPERTY, PLANT & EQUIPMENT

COST	Office premises £	Office and accommodation equipment £	Motor vehicles £	Total £
At 1 January 2021	238,714	533,865	19,305	791,884
Additions	-	49,145	-	49,145
Disposals	-	(20,482)	-	(20,482)
At 31 December 2021	238,714	562,528	19,305	820,547
DEPRECIATION				
At 1 January 2021	19,645	426,834	19,305	465,784
Depreciation for the year	4,774	46,477	-	51,251
Disposals	-	(20,469)	-	(20,469)
At 31 December 2021	24,419	452,842	19,305	496,566
NET BOOK VALUE				
At 31 December 2021	214,295	109,686	-	323,981
At 31 December 2020	219,069	107,031	-	326,100
Depreciation rates	2%	20%	25%	

14. CURRENT ASSET INVESTMENTS

	2021 £	2020 £
Charities Deposit Fund and National Savings Bank Investment Account redeemable within one year and funds held by Broker pending investment.		
Capital fund	76,744	62,382
Income fund	5,653,682	6,198,598
	5,730,426	6,260,980

15. DEBTORS

	2021 £	2020 £
<i>Income fund</i>		
Trade debtors	226,250	83,228
Prepayments and other debtors	108,326	118,913
	334,576	202,141

LENCH'S TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

16. CREDITORS (AMOUNTS FALLING DUE WITHIN ONE YEAR)

<i>Income fund</i>	2021 £	2020 £
Housing loans	479,030	457,726
Trade creditors	72,703	85,403
Taxation and social security	55,993	15,850
Accruals and deferred income	47,190	117,280
Other creditors	7,460	6,759
Government grants (note 19)	115,331	115,331
	<u>777,707</u>	<u>798,349</u>

17. CREDITORS (AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR)

<i>Income fund</i>	2021 £	2020 £
Housing loans		
Lloyds Bank loan	3,184,137	3,662,238
Total housing loans	<u>3,184,137</u>	<u>3,662,238</u>
Government grants (note 19)	5,129,333	5,244,664
	<u>8,313,470</u>	<u>8,906,902</u>
<i>Analysis of Housing loans:</i>		
Amounts repayable by instalments, not wholly repayable within five years:		
Repayable within five years	2,107,011	2,107,011
Repayable after five years	1,077,126	1,555,227
	<u>3,184,137</u>	<u>3,662,238</u>

The housing loan from Lloyds Bank are secured by specific charges on the Trust's housing properties and are repayable at a fixed rates of interest of 4.2% and 5.2%.

LENCH'S TRUST

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2021

18. FINANCIAL INSTRUMENTS

The carrying values of the Company's financial assets and liabilities are summarised by category below:

	2021	2020
	£	£
Financial assets		
Measured at fair value through Statement of Comprehensive Income		
• Listed investments (see note 12)	<u>3,788,900</u>	<u>3,365,828</u>
	2021	2020
	£	£
Financial liabilities		
Measured at amortised cost		
• Loans payable (see notes 16 & 17)	<u>3,663,167</u>	<u>4,119,964</u>
Measured at undiscounted amount payable		
• Trade and other creditors (see note 16)	<u>80,163</u>	<u>92,162</u>

19. DEFERRED INCOME – GOVERNMENT GRANTS

	2021	2020
	£	£
At 1 January 2021	5,359,997	5,475,328
Grants receivable		
Amortisation to statement of comprehensive income	<u>(115,331)</u>	<u>(115,331)</u>
At 31 December 2021	<u>5,244,666</u>	<u>5,359,997</u>
Due < 1 year	<u>115,333</u>	<u>115,333</u>
Due > 1 year	<u>5,129,333</u>	<u>5,244,664</u>

The cumulative amount of SHG received by the Trust is £6,749,124.

LENCH'S TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

20. ACCOMMODATION IN MANAGEMENT

At the year end accommodation in management was as follows:

	2021 Number	2020 Number
Supported Housing (Extra Care)	84	84
Housing for older people	88	88
Shared ownership	11	11
Total units owned and managed	183	183

There were no units in development at the year-end (2020: nil).

21. LEGISLATIVE PROVISIONS

The Trust is an Almshouse Charity registered by a Scheme of the Charity Commissioners and registered in England and Wales under the Companies Act 2006.

22. RELATED PARTY TRANSACTIONS

There are no related party transactions to report.

23. OPERATING LEASE COMMITMENTS

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2021 £	2020 £
Payments due: -		
Within one year	16,971	16,971
Between one and five years	35,800	46,613
	52,771	63,585

24. POST BALANCE SHEET EVENTS

INVASION OF UKRAINE AND RUSSIAN SANCTIONS

The Trust does not operate in either Ukraine or Russia and any identified key suppliers located in either country are subject to further monitoring. The Board's assessment of this highly tragic geopolitical situation is that the business is not impacted at present, and the situation will remain under review.

LENCH'S TRUST

England & Wales - Charity number 1145847

Accounts

Registered number: 7860164

**LENCH'S TRUST
(Limited by Guarantee)**

Financial Statements

For year ended 31 December 2020

LENCH'S TRUST

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LENCH'S TRUST

TRUST INFORMATION

TRUSTEES

Mr R Sarjeant (Chairman)
Ms S Davis (Deputy Chairman to mid-year)
Mr A O Sholuade (Deputy Chairman rest of the year)
Mr T Storrow
Mr T Cuthbertson
Ms R Evans
Mr A Guest
Mr S Hossain
Ms B Ingram
Mr Abdul Malik
Ms Rachel Chiu
Mr Tanvier Singh Dulay (appointed 13th July 2020)

CHIEF EXECUTIVE

Jean-Luc Priez

REGISTERED OFFICE

William Lench Court
80 Ridgacre Road
Quinton
Birmingham
B32 2AQ

REGULATOR OF SOCIAL HOUSING NO.

A2074

REGISTERED CHARITY NO.

1145847

COMPANIES HOUSE REGISTERED NO.

7860164

AUDITOR

Mazars LLP
2 Chamberlain Square
Birmingham
B3 3AX

BANKERS

Lloyds Bank Plc
114-116 Colmore Row
Birmingham
B3 3BD

INVESTMENT ADVISORS

Smith & Williamson
3rd Floor
9 Colmore Row
Birmingham
B3 2BJ

TRUSTEES

Lench's Trust is an Almshouse Charity regulated by a scheme of the Charity Commissioners, charity registration number 1145847. It is also a Registered Provider of Social Housing and Care which means it is subject to monitoring by the Regulator of Social Housing (RSH) as well as the Care Quality Commission (CQC). The Trust are also registered under the Companies Act 2006, limited by guarantee.

It was founded in 1525 by William Lench, a tanner, for the benefit of the Citizens of Birmingham. For some 300 years, the work of the Trust was divided between the maintenance of streets and bridges and the care of the elderly poor. With the incorporation of Birmingham in 1838 the Trustees became solely providers of Almshouses. Our policy is to provide care, according to our scheme, for people who are resident in the City, over 55 years of age and necessitous.

The scheme specifies twelve Trustees and their duties are to provide care for our residents to meet their needs and to give consideration to other possibilities of care as finances and facilities become available. The financial policy of the Trustees is to maintain and improve the value of their endowment for the use of future generations and to make further financial resources available for the progressive expansion of the Trust's caring activities.

The management of the Trust is led by a Chief Executive and a small office staff, with day to day care and Almshouse staffing carried out by our team of scheme managers. The Trustees also have a group of befrienders for each Almshouse who get to know our residents individually and play a major part with the scheme managers in offering companionship and seeking out their needs.

Our capacity and occupancy on 31 December 2020 was: -

	Units of accommodation	Number of residents
Lench's Close	64	66
Tanner's Close	24	25
William Lench Court	95	100
	183	191

All the properties have units which can accommodate couples, and this is reflected in the number of residents shown.

RISK MANAGEMENT

The Trustees have assessed the major risks to which the Charity is exposed, in particular those related to the operations and finances of the Charity, and are satisfied that there are systems in place to mitigate exposure to major risks.

LENCH'S TRUST – CHAIRMAN'S REPORT

It has been a privilege to continue to serve Lench's Trust as your Chairman for my second year in the role. I am most grateful to Sarah Davis and Leke Sholuade who undertook the role of Deputy Chair at different times during the year and to all trustees for their support. Leke will become the new Chair at the Annual General Meeting. He and I are delighted that Rachel Chiu who joined the board in May 2020 will become his deputy. During the year we were also pleased to be able to welcome Tani Dulay as a new trustee. I hope that Leke and Rachel enjoy leading the Board of Trustees as much as I have done.

Whilst writing about trustees it is appropriate to thank Tony Guest for all the years of service that he has given as Chair of the Finance committee. I am sure his successor, Abdul Malik, will continue to appreciate his historic knowledge and current insight.

The year must have been one of the oddest on record, sadly, for all the wrong reasons. The trustees have held virtual meetings using the internet rather than holding them at the different schemes we own and manage. The 11th March Founders Day event was the last communal gathering before we all went into lockdown.

During 2020 we said goodbye to Julie McGurk, Operations Manager and Georgia Preston our Care & Well-being Manager. Mark James stepped up into the role of Care & Well-being Manager from his former Team Leader role, during a very hectic and trying time. Once we were released from lockdowns, we welcomed Tina Spencer as Care Team leader, to work alongside Mark. The main thrust of any comments relating to the staff of Lench's must be to thank them for the way in which they have risen to the challenge posed by the pandemic. Jean-Luc has guided residents through the ever-changing rules surrounding Covid in his "Weekly Update".

There must be few people who have not been personally affected by the pandemic and we have been saddened by the fact that residents have not been able to meet properly to say farewell to those who have died. Although it is probably impossible to have meaningful figures regarding the incidence and severity of the pandemic in the type of facilities that the Trust provides the number of cases amongst staff and residents has been relatively small, a tribute to the sustained vigilance of staff and the cooperation of all.

Hopefully, now that the vaccine rollout has gone so well, we will soon be meeting again as I think we would all wish. The trustees have particularly missed the opportunities of chatting informally with residents following board meetings held at the different schemes.

Finance Report 2020

The operational surplus from lettings increased to £629,004 from £415,909. Due to the effect of Covid-19 we had higher voids than normal and increased costs in the year but the previous year was impacted by a large exceptional cost at William Lench Court.

Again, due to pandemic losses on care services increased as the number of care packages fell. The canteen was closed for a substantial part of the year resulting in increased losses. None of the staff were furloughed.

Net rental income from investment properties fell to £52,143 from £192,271 in 2019. Again, due to the pandemic the income from the car parks and the public house were negligible. The prior year also included a one-off premium received on the variation of the lease of Lancaster Gate.

The net effect of this was total operating surplus of £22,526 down from £108,742 last year. In the light of the difficult year we faced the trustees are satisfied with this performance.

Finance income, interest and financing costs and the surplus on the disposal of fixed assets were broadly similar to the prior year.

Total reserves increased marginally from £27.36m to £27.41m

Investment properties

During 2020, and despite the pandemic, work continued on the first phase of the Lancaster Gate property and as a result we should start to see the resumption of the ground rents which will arise. There have been delays in the progress of the sale of phase two but this is still expected to move forward over the coming months.

We have continued our partnership with the St Basil's charity and a new lease has been formalised with them for the next three years of our Almshouses at Conybere Gardens this will assist them in continuing to provide facilities for young homeless people in the city.

Unfortunately, due to the circumstances in the last year arrangements for reduced rent have had to be made with the Bull Pub and also the carparking facilities in the centre of the city.

Despite the pandemic the carpark at Lench's Close was completed. It was unfortunate that, for reasons we all understand, the project took far longer than was anticipated and we are grateful to the residents for showing patience.

Wellbeing of residents

Many of the activities enjoyed by residents at each of the sites had to be suspended, but all the staff have worked hard to ensure, as far as possible, the wellbeing of those who call one of Lench's schemes home. These have included the usual services of the Care team but have been augmented by staff doing shopping, bringing meals to people in their apartments and even taking the occasional walk with a pet dog.

After considerable thought we have now installed accessible defibrillators in each scheme and the appropriate training has been given to staff so that they are well aware of how and by whom these should be used.

Although our existing residents may not have seen much development in the facilities in 2020, other than the car parking mentioned above, the management, together with professional advisers and trustees, continue to look for a suitable site to extend the work of the trust. Several locations have been investigated but, so far, no purchase has been completed and the search will continue.

Our Heritage

The project involving recording biographical sketches and photographic images of residents across the three schemes as part of our 500th anniversary (in 2025) was completed. This book, as well as providing interesting reading now, will form a valuable resource for future generations looking at the social history of Birmingham.

We are continuing to ensure that buildings owned by the Trust giving details of its history by displaying plaques wherever possible. The plaques on the Ladywood Almshouses were restored during early 2020.

We are hoping that our annual Founder's Day Tea Party (11th March, when William Lench signed his deed of trust) sadly having had to be cancelled for 2021 can be re-started in 2022.

Thank you

Finally, a very big "thank you" to all at Lench's Trust; your support and energies keep the Trust responding to the needs of many over-55s in Birmingham. This has been particularly evident in this most difficult of years. Without your efforts many more people would continue to experience hardship and isolation. Together, we can and will continue to make a massive difference.

VALUE FOR MONEY (VFM) & BENCHMARKING

Introduction

Lench's Trust is committed to the principle and delivery of VFM as defined by the RSH, which requires the Trust to "articulate and deliver a comprehensive and strategic approach to achieving VFM in meeting its organisational objectives".

The Board of Lench's Trust has overall responsibility for direction and governance.

Achieving VFM

Achieving VFM is fundamental to the attainment of Lench's Trust's key strategic goal to "develop vibrant, caring and safe communities for the benefit of the community served by the Trust" and to achieve this, the Trust has adopted a number of objectives which are further detailed and developed in the Annual Plans over the life cycle of its Ten Year Strategy (2015-2025).

The Board and Executive Team are working to embed VFM principles within the organisation at all levels through active engagement with staff, residents and other key stakeholders.

Benchmarking

Critical to the success in achieving VFM is benchmarking the Trust's performance with other housing providers. To this end, Lench's Trust joined a local benchmarking club under the auspices of HouseMark and uses HouseMark's benchmarking service to compare how the Trust performs with other housing providers of similar size.

In general, the outcomes from benchmarking highlight areas of strength and weakness, indicate whether the right balance between cost and quality has been obtained, and provide a point of reference for necessary business improvements.

Lench's Trust is committed to giving the beneficiaries of the Charity the best service that it can with the resources available, and therefore is actively engaged with the benchmarking club to assess its performance and highlight areas for change and improvement.

Quality Performance

Lench's Trust is committed to continued ongoing engagement with the beneficiaries of the Charity to better understand the nature of any dissatisfaction and feed this back to housing staff and maintenance contractors in order to improve service delivery to residents and their homes. Meaningful engagement with customers and repairs contractors helps to reduce costs, improve efficiency (by reducing waste) and raise effectiveness (by doing the right things).

Additionally, Lench's Trust realises the value of increased engagement with residents to foster better relations, minimise misunderstandings, address areas of concern, revise methods of working and service delivery – this is achieved through various means of engagement such as Residents Committees on each scheme and a Trust-wide Scrutiny Group.

Value for Money Metrics			
Reinvestment %	2019	2020	Sector Median*
This metric looks at LT's investment in existing properties. This is calculated as a percentage of the value of total housing properties.	3.28%	2.47%	5%
The reinvestment % for LT at 2.47% it is below the sector median of 5%. This could indicate that we are not reinvesting as much as our peers, however the lower % is in large part due to the fact that 85% of our properties have already had component replacements within the last 5 years. These components include kitchens, bathrooms, windows and doors. There has been a decrease from 2019 to 2020, largely due to COVID meaning that any works we had planned could not go ahead due to restrictions in place.			
New supply delivered (social housing) as a % of total stock			
	2019	2020	Sector Median*
This sets out the number of new social housing units that have been acquired or developed in the year as a proportion of total units. LT do not develop non-social units.	0%	0%	0%
LT have not developed any new units within 2020			
Gearing %			
	2019	2020	Sector Median *
This ratio sets out the proportion of borrowing compared with assets. A high gearing % could indicate that we have taken on too much borrowing however low gearing could indicate that we have capacity to borrow.	30%	26.59%	8.3%
Gearing at 26.59% is higher than the sector median of 8.3% however the covenants from our bank request that we remain below 40% and therefore we are meeting this criteria.			
The difference could also be due to the fact that a large part of the benchmarking group do not have loans/ have not developed further units in the last 10 years (as LT have) and therefore may not be a comparison for LT.			
Headline social housing cost per unit			
	2019	2020	Sector Median *
The unit cost metric assesses the headline social housing cost per unit as defined by the regulator of social housing	£3,858	£3,909	£4,688
Headline social housing cost per unit has increased by £51 compared with 2019. There has been an increase in costs for repairs & maintenance			
Operating Margin % Social Housing			
	2019	2020	Sector Median*
This % is an indicator of operating efficiency and business health as it measures the amount of surplus generated from turnover on our day to day activities.	38%	35%	23.2%
Our social housing operating margin has decreased from 38% in 2019 to 35% in 2020			
Although turnover from WMC's have increased from 2019 to 2020, we have seen an increase in costs due to Coronavirus across the board as well as some of the usual repairs we would usually do in house, we have had to deal with contractors due to staff members shielding or being placed elsewhere within the Trust.			

*Sector Median taken from the West Midlands Smaller Housing benchmarking group figures for 2018/19

FINANCIAL REPORT 2020

FIXED ASSETS

The net book value of housing properties is £15.5m.

CURRENT ASSETS

Current assets are at £6.7m, comprised mainly as cash balances of £6.2m, which will be used in future developments for the Trust

CREDITORS

Creditors due within one year are £798k this includes housing property loans of £458k.

FUNDS

The Trust's total funds at 31 December 2020 were £27.4m.

RESERVES POLICY

The Trustees have reviewed the Trust's need to retain free available reserves, defined as total assets less current liabilities in the Income Fund before deducting short term housing loans and less tangible assets comprising both housing properties and other fixed assets. The Trustees consider it prudent to retain funds equivalent to 6 months annual operating expenditure for the provision of the working capital needed to run the Trust efficiently and for unexpected contingencies. This amounts to approximately £1m. At the year-end free reserves are £721k.

Although we do fall short of our funds in 2020, we are looking at ways to streamline costs during 2021

STATEMENT OF COMPREHENSIVE INCOME

The surplus for the year was £48k, which is a considerable drop compared with 2019, however 2019 does include a gain relating to revaluation of investment properties of £11.1m

INVESTMENT POLICY

The Trustees' investment policy is to look for long term holdings without undue risk and for an income which will grow in real terms.

COVID-19 PANDEMIC

The risks presented by the Covid-19 Pandemic and the after effect it may have are being robustly reviewed and scrutinised by the board of Trustees and the Senior Management Team.

Lench's Trust has been responsive in adapting to the current situation and ensuring the safety of staff and residents alike. Additional Senior Management meetings have been put in place, to monitor the impact of the pandemic throughout the organisation and mitigate additional costs that may be incurred.

Currently while we expect there to be a level of impact this is minimal as the main source of our income is from housing and whilst we have had longer voids than usual due to the pandemic, we do not foresee that these will cause a big impact on our finances overall. The situation is being monitored closely by the Senior Management Team on an ongoing basis.

GOING CONCERN

Under the governance requirements, the Trustees confirm that after making enquiries they have a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the accounts.

Whilst the Covid-19 pandemic has brought additional challenges, the board have prepared forecasts for the current year which show that the Trust will meet its Bank Covenants in the current year and that cash flow remains strong.

LENCH'S TRUST

STRATEGIC REPORT

On this basis, the Board has a reasonable expectation that Lench's Trust has adequate resources to continue in operational existence for the foreseeable future, being a period of 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.

Approved by the Trustees on 20th May 2021
and signed on their behalf by


Richard Sarjeant (May 21, 2021 10:14 GMT+1)

R Sarjeant
Chairman

INTERNAL FINANCIAL CONTROL

The Trustees have overall responsibility for the Trust's system of internal financial control, the effectiveness of which has been reviewed and reported on to the Trustees by the Finance Committee. The principal elements of the system, which is designed to recognise the specific characteristics and objectives of the Trust and the risks to which it is exposed, include:

- a clearly defined structure which delegates authority, responsibility and accountability, including responsibility for internal financial control to management;
- a well-established budgeting and reporting function, with budgets and results reviewed at a senior level within the Trust to provide a timely and regular monitoring of financial performance;
- an investment evaluation process to ensure Trustees' approval for all major capital expenditure commitments; and
- a regular review procedure carried out by the Trust of its risk exposure and of the systems of internal financial control in place to mitigate those risks, with annual reports of findings to the Trustees.

Internal financial control, by its nature, provides only reasonable and not absolute assurance against material misstatement or loss.

COMPLIANCE WITH THE REGULATOR'S GOVERNANCE AND FINANCIAL VIABILITY STANDARD

The Trustees confirm that the Trust complies with the Requirements of the revised Governance and Financial Viability Standard applicable for the year.

RISK MANAGEMENT

Refer to strategic report page 2.

FUTURE DEVELOPMENTS

Refer to strategic report pages 2 and 3.

TRUSTEES

The Trustees are as set out on page 1.

TRUSTEES RESPONSIBILITIES

Social housing legislation requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of the Trust as at the end of the financial year and of the income and expenditure of the Trust for the year ended on that date. In preparing those financial statements, suitable accounting policies have been used, framed to the best of the Trustees' knowledge and belief, by reference to reasonable and prudent judgements and estimates, and applied consistently. Applicable accounting standards have been followed. The Trustees are also required to indicate where the financial statements are prepared other than on the basis that the Trust is a going concern.

The Trustees are responsible for ensuring that arrangements are made for keeping proper books of account with respect to the Trust's transactions and its assets and liabilities and for maintaining a satisfactory system of control over the Trust's books of account and transactions. The Trustees are also responsible for ensuring that arrangements are made to safeguard the assets of the Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DISCLOSURE OF INFORMATION TO THE AUDITOR

There is no relevant audit information outstanding of which the auditors are unaware and we have taken all the steps we ought to have taken to make ourselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Approved by the Trustees on 20th May 2021
and signed on their behalf by


Richard Sarjeant (May 21, 2021 10:14 GMT+1)

R Sarjeant
Chairman

LENCH'S TRUST

INDEPENDENT AUDITOR'S REPORT

For the year ended 31 December 2020

OPINION

We have audited the financial statements of Lench's Trust (the 'company') for the year ended 31 December 2020 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Change in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 company's affairs as at 31 December 2020 and of its loss 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, , the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

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 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 Board's 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 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 Board 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 Board are responsible for the other information contained within the annual report. 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.

INDEPENDENT AUDITOR'S REPORT
For the year ended 31 December 2020

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 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 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 Board's Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Board's Report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Board's 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 Board's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF BOARD

As explained more fully in the Board's Responsibilities Statement set out on page 3, the Board 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 Board 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 Board are responsible for assessing the 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 Board either intend to liquidate the 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 the financial statements.

INDEPENDENT AUDITOR'S REPORT
For the year ended 31 December 2020

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. Based on our understanding of the Trust and its sector, we identified that the principal risks of non-compliance with laws and regulations related to the pensions legislation, employment and health and safety regulations, Homes England, Regulator of Social Housing and implementation of government support schemes relating to COVID-19, anti-bribery, corruption and fraud, money laundering and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

We evaluated the Board's and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Discussing with the Board and management their policies and procedures regarding compliance with laws and regulations;
- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the Board and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

LENCH'S TRUST

INDEPENDENT AUDITOR'S REPORT

For the year ended 31 December 2020

USE OF THE AUDIT REPORT

This report is made solely to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and Chapter 4 of Part 2 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the 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 company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

David Hoose (Senior Statutory Auditor) for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

2 Chamberlain Square

Birmingham

B3 3AX

2021

LENCH'S TRUST
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 December 2020

	Notes	2020 £	2019 £
TURNOVER	3	2,134,444	2,341,787
Operating expenditure	3	(2,111,918)	(2,233,045)
OPERATING SURPLUS	3	22,526	108,742
Finance income	4	143,797	142,638
Interest and financing costs	6	(195,267)	(214,392)
Surplus on disposal of fixed assets	5	34,777	41,411
Change in fair value of investments	12	42,461	11,550,477
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		48,294	11,628,876

The financial statements on pages 12 to 29 were approved by the Trustees on 20th May 2021 and were signed on their behalf by:


Richard Sarjeant (May 21, 2021 10:14 GMT+1)

R Sarjeant - Chairman

LENCH'S TRUST

STATEMENT OF FINANCIAL POSITION
AT 31 December 2020

	Notes	2020 Total £	Capital Fund £	Income Fund £	2019 Total £
TANGIBLE FIXED ASSETS					
Housing properties – cost less depreciation	10	15,496,529	-	15,496,529	15,383,169
Investment properties	11	11,234,963	11,234,963	-	11,227,498
Investments	12	3,365,828	2,887,119	478,709	3,221,420
Other property, plant & equipment	13	326,100	-	326,100	351,522
TOTAL FIXED ASSETS		30,423,420	14,122,082	16,301,338	30,183,609
CURRENT ASSETS					
Investments - cash deposits	14	6,260,980	6,224,237	36,743	6,913,665
Stock		33,750	-	33,750	-
Debtors	15	202,141	-	202,141	254,242
Cash		195,181	-	195,181	306,464
		6,692,052	6,224,237	467,815	7,474,371
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	16	(798,349)	-	(798,349)	(817,738)
NET CURRENT ASSETS / (LIABILITIES)		5,893,703	6,224,237	(330,534)	6,656,633
TOTAL ASSETS LESS CURRENT LIABILITIES		36,317,123	20,346,319	15,970,804	36,840,242
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	17	(8,906,902)	-	(8,906,902)	(9,478,315)
NET ASSETS		27,410,221	20,346,319	7,063,902	27,361,927
Revenue reserve		25,001,148	17,937,246	7,063,902	25,023,921
Permanent endowment		2,409,073	2,409,073	-	2,338,006
TOTAL RESERVES		27,410,221	20,346,319	7,063,902	27,361,927

The financial statements on pages 13 to 29 were approved by the Trustees on 20th May 2021 and were signed on their behalf by:


Richard Sarjeant (May 21, 2021 10:14 GMT+1)

R Sarjeant - Chairman

LENCH'S TRUST

STATEMENT OF CHANGES IN RESERVES
AT 31 December 2020

	Revenue reserve £	Permanent endowment £	Total £
BALANCE AT 1 JANUARY 2020	25,023,921	2,338,006	27,361,927
Surplus from statement of comprehensive income	48,294		48,294
Transfer between reserves	(71,067)	71,067	-
BALANCE AT 31 DECEMBER 2020	<u>25,001,148</u>	<u>2,409,073</u>	<u>27,410,221</u>

	Revenue reserve £	Permanent endowment £	Total £
BALANCE AT 1 JANUARY 2019	13,429,463	2,303,588	15,733,051
Surplus from statement of comprehensive income	11,628,876	-	11,628,876
Transfer between reserves	(34,418)	34,418	-
BALANCE AT 31 DECEMBER 2019	<u>25,023,921</u>	<u>2,338,006</u>	<u>27,361,927</u>

LENCH'S TRUST

STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

	Notes	2020 £	2019 £
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	A	270,806	(10,197,665)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest received		143,797	142,638
Interest paid		(195,267)	(214,392)
Housing loan (repaid)/ received		(434,746)	(416,626)
		(486,216)	(488,380)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of housing properties (including components)		(581,767)	(542,676)
Purchase of other property, plant & equipment		(35,495)	(76,772)
Sale of housing properties (including components)		64,521	5,714
Sale of other property, plant & equipment		63,670	64,905
Sale of Investment Properties		-	-
Change in fair value of investments		42,461	11,550,477
Purchase of investments		(101,948)	(99,706)
		(548,558)	10,901,942
NET CHANGE IN CASH AND CASH EQUIVALENTS		(763,968)	215,897
Cash and cash equivalents at the beginning of the year		7,220,129	7,004,232
Cash and cash equivalents at the end of the year		6,456,161	7,220,129

A) RECONCILIATION OF OPERATING SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2020 £	2019 £
Operating surplus for the year	22,526	108,742
Movement in debtors	52,101	852,892
Movement in creditors	(40,725)	92,938
Movement in stock	(33,750)	-
Depreciation	428,446	413,571
Amortisation of Government grant	(115,331)	(115,331)
Change in fair value of investments	(42,461)	(11,550,477)
Net cash (outflow)/inflow from operating activities	270,806	(10,197,665)

LENCH'S TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

1. ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements are prepared under the historical cost convention, as modified to include certain items at fair value, in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council and comply with the Accounting Direction for Private Registered Providers of Social Housing 2019, the Statement of Recommended Practice for Registered Social Housing Providers 2018 (SORP) and the Housing and Regeneration Act 2008. Lench's Trust is a public benefit entity (PBE), as defined in FRS 102 and applies the relevant paragraphs prefixed "PBE" in FRS 102.

(b) Going Concern

Under the governance requirements, the Trustees confirm that after making enquiries they have a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the accounts.

Whilst the Covid-19 pandemic has brought additional challenges, the board have prepared forecasts for the current year which show that the Trust will meet its Bank Covenants in the current year and that cash flow remains strong.

On this basis, the Board has a reasonable expectation that Lench's Trust has adequate resources to continue in operational existence for the foreseeable future, being a period of 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.

(c) Turnover

Turnover represents residents' contributions receivable in respect of Almshouses (net of losses from voids), rents receivable from investment properties, proceeds from first tranche shared ownership sales, revenue grants receivable from Local Authorities and Homes England, together with donations.

(d) Capital fund

The capital fund represents the original endowment of the Trustees together with subsequent accumulations. The capital now consists of freehold property, producing rental income, loans and investments.

(e) Income fund

All the Trust's income is accounted for through the income fund account.

(f) Depreciation

Depreciation is charged so as to write down the cost of freehold housing properties to their estimated residual value on a straight-line basis over their expected useful economic lives as follows:

Freehold land	Not depreciated
---------------	-----------------

Housing properties	100 or 50 years
--------------------	-----------------

Major components are treated as separable assets and depreciated over their estimated useful economic lives or the lives of the properties to which they relate, if shorter, at the following annual rates:

Roofs	50 years
-------	----------

Kitchens	20 years
----------	----------

Bathrooms	20 years
-----------	----------

Boilers	20 years
---------	----------

Windows & Doors	20 years
-----------------	----------

Depreciation is calculated to write off the cost of other property, plant & equipment (PPE) on a straight line basis over their estimated useful lives at the following annual rates:

Office premises	50 years
-----------------	----------

Office equipment	5 years
------------------	---------

Accommodation equipment	5 years
-------------------------	---------

Motor vehicles	5 years
----------------	---------

(g) Impairment of social housing properties

Properties held for their social benefit are not held solely for the cash inflows they generate and are held for their service potential.

An assessment is made at each reporting date as to whether an indicator of impairment exists. If such an indicator exists, an impairment assessment is carried out and an estimate of the recoverable amount of the asset is made. Where the carrying amount of asset exceeds its recoverable amount, an impairment loss is recognised in surplus or deficit in the Statement of Comprehensive Income. The recoverable amount of an asset is the higher of its value in use and fair value less costs to sell. Where assets are held for their service potential, value in use is determined by the present value of the asset's remaining service potential plus the net amount expected to be received from its disposal. Depreciated replacement cost is taken as a suitable measurement model.

An impairment loss is reversed if the reasons for the impairment loss have ceased to apply and included in surplus or deficit in the Statement of Comprehensive Income.

(g) Works to existing properties

Expenditure on housing properties which results in an enhancement of the economic benefits of the property is capitalised, in accordance with the requirements of the SORP.

(h) Social Housing Grant (SHG) other capital and government grants

Grants relating to assets are recognised as income on a systematic basis over the expected useful life of the asset. Grants received for housing properties are recognised as income over the expected useful life of the housing property structure.

Grants received from non-government sources are recognised as revenue using the performance model.

During the year the company obtained grants from the UK government in relation to COVID-19 in the amount of £9k. Grants are accounted for under the accrual model. Grants relating to revenue are recognised in other operating income on a systematic basis over the period in which the related costs are incurred. Grants for compensation are recognised in income in the period to which they become receivable

(i) Investments

Investments that are publicly traded or whose fair value can be measured reliably are measured at fair value with changes in fair value recognised as a surplus or deficit in the Statement of Comprehensive Income.

(j) Investment properties

Investment properties consist of land and commercial properties not held for the social benefit but for use in the business.

Our Investment properties have been revalued as at 31st December 2019 by Savills and currently show in the accounts at their Market Value at the year-end.

(k) Operating leases

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the lease term.

(l) Interest and financing costs

Interest charges incurred on the financing of housing properties are capitalised up to the date of practical completion. Interest charges arising after that date are charged to the statement of comprehensive income.

(m) Pensions

The Trust operates defined contribution pension schemes, the costs of which are written off to the Statement of Comprehensive Income on an accrual basis. The assets of the schemes are held separately from those of the Trust in independently administered funds.

(n) Shared ownership properties

The Trust has adopted the SORP accounting treatment for shared ownership properties. All properties are split between fixed and current assets in line with the expectation relating to the first tranche sale percentage. The expected first tranche proportion is classified as a current asset until the point of the first tranche sale. The current asset is then transferred to cost of sales and matched against sales proceeds within the operating surplus in the statement of comprehensive income. Any operating surplus is restricted to the overall surplus

LENCH'S TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

which takes account of the Existing Use Value – Social Housing (EUV-SH) of the remaining fixed asset element.

The remaining element of the asset is classified as a fixed asset and included in housing properties at cost, less any provision for depreciation or impairment.

(o) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and demand deposits, together with other short term, highly liquid investments that are readily known amounts of cash and are subject to an insignificant risk of change in value.

(p) Financial instruments

Financial assets and financial liabilities are recognised when the Trust becomes a party to the contractual provisions of the instrument.

Financial assets carried at amortised cost

Financial assets carried at amortised cost comprise rent arrears, trade and other receivables and cash and cash equivalents. Financial assets are initially recognised at fair value plus directly attributable transaction costs. After initial recognition, they are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

If there is objective evidence that there is an impairment loss, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced accordingly.

A financial asset is derecognised when the contractual rights to the cash flows expire, or when the financial asset and all substantial risks and reward are transferred.

If an arrangement constitutes a financing transaction, the financial asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial liabilities carried at amortised cost

These financial liabilities include trade and other payables and interest bearing loans and borrowings.

Non-current debt instruments which meet the necessary conditions in FRS 102, are initially recognised at fair value adjusted for any directly attributable transaction cost and subsequently measured at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance costs in the Statement of Comprehensive Income. Discounting is omitted where the effect of discounting is immaterial.

A financial liability is derecognised only when the contractual obligation is extinguished, that is, when the obligation is discharged, cancelled or expires.

Financing transactions

For rent arrears where the arrangement constitutes, in effect, a financing transaction because of extended credit arrangements the arrears are measured at the present value of the future payments discounted at an appropriate market rate of interest.

(q) Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the year end and is carried forward to future years.

(r) Recoverable amount rental (housing contributions) and other receivables

The Trust estimates the recoverable value of housing contributions and other receivables and impairs the debtor by appropriate amounts. When assessing the amount to impair it reviews the age profile of the debt and the class of the debt.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

2. SIGNIFICANT MANAGEMENT JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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 and in any future periods affected.

Significant management judgements

Depreciation and residual values.

The Trustees have reviewed the asset lives and associated residual values of all fixed asset classes, and in particular, the useful economic life and residual values of properties, and have concluded that asset lives and residual values are appropriate.

Provisions and accruals

Management bases its judgements on the circumstances relating to each specific event and upon currently available information. However, given the inherent difficulties in estimating liabilities in these areas, it cannot be guaranteed that additional costs will not be incurred beyond the amounts accrued.

Estimation uncertainty

The Trust makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Investment property valuation

The Trust carries its investment properties at fair value and engages independent valuers to determine fair value using valuation techniques. The calculated fair value of the investment property uses assumptions which are subject to judgement, such as the estimated yield and the long-term vacancy rate. The carrying value of the Trust's investment properties can be found in note 11 of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

3. TURNOVER AND OPERATING COSTS

2020

	Turnover £	Operating costs £	Operating surplus/ (deficit) £
Income and expenditure from lettings (note 3a)	1,771,139	(1,142,135)	629,004
Other income and expenditure			
Care services	237,324	(402,508)	(165,184)
Catering services	42,500	(90,790)	(48,290)
Rents from investment properties	78,466	(26,323)	52,143
Management Charges	5,000	-	5,000
Donations	15	-	15
Other administrative costs		(450,162)	(450,162)
Total	2,134,444	(2,111,918)	22,526

2019

	Turnover £	Operating costs £	Operating surplus/ (deficit) £
Income and expenditure from lettings (note 3a)	1,763,191	(1,347,282)	415,909
Other income and expenditure			
Care services	246,793	(377,757)	(130,964)
Catering services	67,344	(94,517)	(27,173)
Rents from investment properties	252,147	(59,876)	192,271
Management Charges	12,000	-	12,000
Donations	312	-	312
Other administrative costs	-	(353,613)	(353,613)
Total	2,341,787	(2,233,045)	108,742

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

3a. PARTICULARS OF INCOME AND EXPENDITURE FROM LETTINGS

	2020 £	2019 £
<i>Income from lettings</i>		
Housing contributions receivable net of voids - rented	1,544,368	1,523,651
- shared ownership	61,900	75,349
Other housing rent	49,540	48,860
Amortisation of SHG	115,331	115,331
	<u>1,771,139</u>	<u>1,763,191</u>
Total income from lettings		
	<u>1,771,139</u>	<u>1,763,191</u>
<i>Expenditure from lettings</i>		
Housing accommodation:		
Services	124,585	116,297
Management	389,316	393,651
Depreciation of housing properties	426,734	391,287
Repairs and maintenance	201,500	446,047
	<u>1,142,135</u>	<u>1,347,282</u>
Total housing operating costs		
	<u>1,142,135</u>	<u>1,347,282</u>
Operating surplus from lettings	<u>629,004</u>	<u>415,909</u>

Void losses for the year were £47,392 (2019: £7,251).

Included within housing contributions receivable is service charge income of £805,803 for the current year (2019: £768,237)

4. FINANCE INCOME

	2020 £	2019 £
Investment income	72,556	79,039
Bank interest	71,241	63,599
	<u>143,797</u>	<u>142,638</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

5. SURPLUS/ (DEFICIT) ON DISPOSAL OF FIXED ASSETS	2020	2019
	£	£
Surplus on sale of quoted investments	66,968	48,010
Deficit on disposal of other fixed assets	(32,191)	(6,599)
	34,777	41,411
6. INTEREST AND FINANCING COSTS	2020	2019
	£	£
Bank loans not wholly repayable within five years	195,267	214,392
7. SURPLUS ON ORDINARY ACTIVITIES	2020	2019
	£	£
Surplus on ordinary activities is stated after charging/(crediting):		
Depreciation of fixed assets	455,870	436,179
Amortisation of Government grants	(115,331)	(115,331)
Auditor's remuneration:		
In their capacity as auditor	9,600	9,600
Other services	4,310	4,679
8. STAFF COSTS	2020	2019
	£	£
Salaries	872,275	804,165
Social security costs	61,345	55,748
Other pension costs	62,445	57,553
	996,065	917,466
Average number of full time equivalent persons employed during the year:	Number	Number
Office	7	9
Other scheme staff	12	8
Care team	16	15
Catering team	3	4
Total employees	38	36

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

9. CHIEF EXECUTIVE'S EMOLUMENTS

	2020	2019
	£	£
Chief executive's emoluments	<u>70,614</u>	<u>69,433</u>

The emoluments of chief executive disclosed above (excluding pension contributions) include amounts paid to:

The highest paid employee	<u>70,614</u>	<u>69,433</u>
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The Chief Executive is a member of the Trust's defined contribution pension scheme on the same terms as all other employees, no special terms apply.

The Trustees do not receive any emoluments and no expenses were reimbursed to Trustees during the year (2019: nil).

10. FIXED ASSETS – Housing properties

	Completed	Shared	Total
	£	ownership	£
		£	
COST			
At 1 January 2020	17,183,444	1,163,624	18,347,068
Additions	383,392	-	383,392
Re-purchase of 1 st Tranche		198,375	198,375
Shared ownership transfers	456,500	(456,500)	-
Disposals	(88,622)	(33,750)	(122,372)
	<u>17,934,714</u>	<u>871,749</u>	<u>18,806,463</u>
At 31 December 2020			
Less:			
DEPRECIATION			
At 1 January 2020	2,800,147	163,752	2,963,899
Charge for year	417,305	13,367	430,672
Disposals	(57,851)	(26,786)	(84,637)
	<u>3,159,601</u>	<u>150,333</u>	<u>3,309,934</u>
At 31 December 2020			
NET BOOK VALUE			
At 31 December 2020	<u>14,775,113</u>	<u>721,416</u>	<u>15,496,529</u>
At 31 December 2019	<u>14,383,297</u>	<u>999,782</u>	<u>15,383,169</u>

All housing properties are freehold.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

11. FIXED ASSETS – Investment land and properties (Freehold)

	2020 £	2019 £
COST OR NET BOOK VALUE		
At 1 January 2020	11,227,498	119,122
Revaluation	-	11,108,376
Additions	7,465	-
	<u>11,234,963</u>	<u>11,227,498</u>
At 31 December 2019	<u>11,234,963</u>	<u>11,227,498</u>

Investment properties consist of land and commercial properties not held for the social benefit but for use in the business.

Our Investment properties have been revalued as at 31st December 2019 by Savills and Trustees have reviewed these valuations at 31st December 2020 and have concluded that they are still appropriate.

12. FIXED ASSETS – Listed investments

	2020 £	2019 £
<u>Income and Capital</u>		
Cost:		
At 1 January 2020	2,070,199	1,970,493
Additions	464,594	372,386
Disposals	(362,647)	(272,680)
	<u>2,172,146</u>	<u>2,070,199</u>
At 31 December 2020	<u>2,172,146</u>	<u>2,070,199</u>

	Cost		Market value	
	2020 £	2019 £	2020 £	2019 £
British Government fixed interest investments	29,176	54,184	32,217	54,309
Other listed investments	2,142,972	2,016,018	3,333,611	3,167,111
	<u>2,172,148</u>	<u>2,070,202</u>	<u>3,365,828</u>	<u>3,221,420</u>
Total investments	<u>2,172,148</u>	<u>2,070,202</u>	<u>3,365,828</u>	<u>3,221,420</u>

	2020 £	2019 £
Market Value:		
At 1 January 2020	3,221,420	2,679,613
Add: Additions to investment at cost	464,594	372,386
Less: Disposals at carrying value	(362,647)	(272,680)
Add: Change in fair value of investments	42,461	442,101
	<u>3,365,828</u>	<u>3,221,420</u>
At 31 December 2020	<u>3,365,828</u>	<u>3,221,420</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

13. OTHER PROPERTY, PLANT & EQUIPMENT

	Office premises £	Office and accommodation equipment £	Motor vehicles £	Total £
COST				
At 1 January 2020	233,485	539,956	19,305	792,746
Additions	5,229	22,802	-	28,031
Disposals	-	(28,893)	-	(28,893)
At 31 December 2020	238,714	533,865	19,305	791,884
DEPRECIATION				
At 1 January 2020	14,926	406,993	19,305	441,224
Depreciation for the year	4,719	47,267	-	51,986
Disposals	-	(27,426)	-	(27,426)
At 31 December 2020	19,645	426,834	19,305	465,784
NET BOOK VALUE				
At 31 December 2020	219,069	107,031	-	326,100
At 31 December 2019	218,559	132,963	-	351,522
Depreciation rates	2%	20%	25%	

14. CURRENT ASSET INVESTMENTS

	2020 £	2019 £
Charities Deposit Fund and National Savings Bank Investment Account redeemable within one year and funds held by Broker pending investment.		
Capital fund	62,382	115,610
Income fund	6,198,598	6,798,055
	6,260,980	6,913,665

15. DEBTORS

	2020 £	2019 £
<i>Income fund</i>		
Housing contribution arrears	83,228	148,037
Prepayments and other debtors	118,913	106,205
	202,141	254,242

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

16. CREDITORS (AMOUNTS FALLING DUE WITHIN ONE YEAR)

<i>Income fund</i>	2020 £	2019 £
Housing loans	457,726	436,391
Trade creditors	85,403	97,702
Taxation and social security	15,850	56,190
Accruals and deferred income	117,280	104,624
Other creditors	6,759	7,500
Government grants (note 20)	115,331	115,331
	<u>798,349</u>	<u>817,738</u>

17. CREDITORS (AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR)

<i>Income fund</i>	2020 £	2019 £
Housing loans		
Lloyds Bank loan	3,662,238	4,118,319
Total housing loans	<u>3,662,238</u>	<u>4,118,319</u>
Government grants (note 20)	5,244,664	5,359,996
	<u>8,906,902</u>	<u>9,478,315</u>
Analysis of Housing loans:		
Amounts repayable by instalments, not wholly repayable within five years:		
Repayable within five years	2,107,011	2,107,011
Repayable after five years	1,555,227	2,011,308
	<u>3,662,238</u>	<u>4,118,319</u>

The housing loan from Lloyds Bank are secured by specific charges on the Trust's housing properties and are repayable at a fixed rates of interest of 4.2% and 5.2%.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

18. FINANCIAL INSTRUMENTS

The carrying values of the Company's financial assets and liabilities are summarised by category below:

	2020	2019
	£	£
Financial assets		
Measured at fair value through Statement of Comprehensive Income		
• Listed investments (see note 12)	3,365,828	3,221,420
	<u><u>2020</u></u>	<u><u>2019</u></u>
	£	£
Financial liabilities		
Measured at amortised cost		
• Loans payable (see notes 17 & 18)	4,119,964	4,554,710
	<u><u>2020</u></u>	<u><u>2019</u></u>
	£	£
Measured at undiscounted amount payable		
• Trade and other creditors (see note 17)	92,162	105,201
	<u><u>2020</u></u>	<u><u>2019</u></u>
	£	£

19. DEFERRED INCOME – GOVERNMENT GRANTS

	2020	2019
	£	£
At 1 January 2020	5,475,328	5,590,659
Grants receivable		
Amortisation to statement of comprehensive income	(115,331)	(115,331)
	<u><u>2020</u></u>	<u><u>2019</u></u>
At 31 December 2020	5,359,997	5,475,328
	<u><u>2020</u></u>	<u><u>2019</u></u>
Due < 1 year	115,331	115,331
	<u><u>2020</u></u>	<u><u>2019</u></u>
Due > 1 year	5,244,666	5,359,997
	<u><u>2020</u></u>	<u><u>2019</u></u>
	£	£

The cumulative amount of SHG received by the Trust is £6,749,124.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

20. ACCOMMODATION IN MANAGEMENT

At the year end accommodation in management was as follows:

	2020	2019
	Number	Number
Supported Housing (Extra Care)	84	80
Housing for older people	88	88
Shared ownership	11	15
Total units owned and managed	183	183

There were no units in development at the year-end (2019: nil).

21. LEGISLATIVE PROVISIONS

The Trust is an Almshouse Charity registered by a Scheme of the Charity Commissioners and registered in England and Wales under the Companies Act 2006.

22. RELATED PARTY TRANSACTIONS

There are no related party transactions to report.

23. OPERATING LEASE COMMITMENTS

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2020	2019
	£	£
Payments due: -		
Within one year	16,971	2,101
Between one and five years	46,613	2,822
	63,585	4,923

24. POST BALANCE SHEET EVENT

Since the year-end the economic environment has changed significantly as a result of the Coronavirus pandemic. Please refer to the directors' view on the impact of the COVID-19 as disclosed on page 6. No adjustment to the financial statements is necessary.

Lench Trust Draft Financial Statements - FINAL

Final Audit Report

2021-05-21

Created:	2021-05-20
By:	Jean-Luc Priez (jean-lucp@lenchs-trust.co.uk)
Status:	Signed
Transaction ID:	CBJCHBCAABAASZdyzo_UfmUQEjSavKnETjWGrTTwdlnY

"Lench Trust Draft Financial Statements - FINAL" History



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